The distribution of this document in certain jurisdictions may be restricted by law. Persons in whose possession this document becomes available are required to inform themselves about, and to observe, such restrictions.

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. Persons. See "Plan of Distribution".*

*This document contains no offer of transferable securities to the public in the United Kingdom ("**U.K.**") within the meaning of sections 85(1) and 102B of the United Kingdom Financial Services and Markets Act 2000, as amended, (the "**FSMA**"). This document is not a prospectus for the purposes of Section 85(1) of FSMA. Accordingly, this document has not been examined or approved as a prospectus by the United Kingdom Financial Conduct Authority (the "**FCA**") under Section 87A of FSMA or by the London Stock Exchange and has not been filed with the FCA pursuant to the rules published by the FCA implementing the Prospectus Directive (2003/71/EC) (the "**U.K. Prospectus Rules**") nor has it been approved by a person authorized under FSMA, for the purposes of Section 21 of FSMA.*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Horizonte Minerals plc at 26 Dover Street, London, W1S 4LY, United Kingdom, telephone +44(0)207 763 7157, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue — July 24, 2014

HORIZONTE MINERALS

Horizonte Minerals plc

Maximum Offering: $5,500,000 or 50,000,000 Ordinary Shares

Minimum Offering: $5,000,000 or 45,454,545 Ordinary Shares

This short form prospectus is being filed by Horizonte Minerals plc ("**Horizonte**" or the "**Corporation**") to qualify the distribution (the "**Offering**") of a minimum of 45,454,545 (the "**Minimum Offering**") and a maximum of 50,000,000 (the "**Maximum Offering**") ordinary shares (the "**Offered Shares**") of the Corporation at a price of $0.11 per Offered Share (the "**Offering Price**"). The Offered Shares will be offered for sale on a "best efforts" basis without underwriter liability, pursuant to an agency agreement (the "**Agency Agreement**") dated July 24, 2014 between the Corporation and Paradigm Capital Inc. (the "**Agent**"). The Offering Price was determined by arm's length negotiation between the Corporation and the Agent, in the context of the market. See "Plan of Distribution".

The outstanding ordinary shares (the "**Ordinary Shares**") of the Corporation are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") and AIM, a market operated by the London Stock Exchange ("**AIM**"), in each case under the symbol "HZM". On July 23, 2014, the last trading day prior to the date of this short form prospectus, the closing price of the Ordinary Shares on the TSX was $0.12 and on AIM was £0.0588. The TSX has conditionally approved the listing of the Offered Shares distributed under this short form prospectus. Listing of the Offered Shares will be subject to the Corporation fulfilling all of the requirements of the TSX on or before October 22, 2014. In addition, an application will be made to the London Stock Exchange plc for admission to trading of the Offered Shares on AIM.

Price: $0.11 per Offered Share

	Price to the Public	Agent's Fee(1)	Net Proceeds to the Corporation(2)
Per Offered Share …...…………...	$0.11	$0.0077	$0.1023
Maximum Offering(4)………….....	$5,500,000	$385,000	$5,115,000
Minimum Offering(3)(4)...................	$5,000,000	$350,000	$4,650,000

(1) Pursuant to the terms of the Agency Agreement, the Agent will be paid a fee (the "**Agent's Fee**") of 7.0% of the aggregate gross proceeds of the Offering, including in respect of any Offered Shares sold pursuant to the exercise of the Over-Allotment Option (as defined herein). See "Plan of Distribution".

(2) After deducting the Agent's Fee, but before deducting expenses of the Offering, which are estimated to be $255,000 and which will be paid from the proceeds of the Offering.

(3) There will be no closing unless the aggregate gross proceeds from the Offering is greater than or equal to $5,000,000. See "Plan of Distribution".

(4) The Corporation has granted the Agent an option (the "**Over-Allotment Option**"), exercisable in whole or in part in the sole discretion of the Agent, for a period of 30 days from the closing of the Offering, to purchase up to an additional 15% of the Offered Shares sold pursuant to the Offering, being 7,500,000 Offered Shares (the "**Additional Offered Shares**"), at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. If only the Minimum Offering is reached, the Over-Allotment Option will be exercisable to purchase up to 6,818,181 Additional Offered Shares. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Offered Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Additional Offered Shares forming part of the Agent's over-allocation position acquires such Additional Offered Shares under this short form prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total Price to the Public, Agent's Fee and Net Proceeds to the Corporation (before payment of the expenses of the Offering) will be approximately $6,325,000, $442,750 and $5,882,250, respectively (or if only the Minimum Offering is reached, $5,750,000, $402,500 and $5,347,500, respectively). See "Plan of Distribution" and the table below:

Agent's Position	**Maximum Number of Offered Shares Available**		**Exercise Period**	**Exercise Price**
	Maximum Offering	**Minimum Offering**		
Over-Allotment Option	7,500,000 Additional Offered Shares	6,818,181 Additional Offered Shares	Up to 30 days from the closing of the Offering	$0.11 per Additional Offered Share

In this short form prospectus, unless otherwise specified, all references to "Offered Shares" shall include Additional Offered Shares.

Subject to applicable laws, the Agent may, in connection with the Offering, over-allot or effect transactions intended to stabilize or maintain the market price of the Ordinary Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Agent has been retained by the Corporation to act as agent in connection with the Offering to conditionally offer the Offered Shares for sale if, as and when issued by the Corporation and accepted by the Agent on a "best efforts" basis without underwriter liability in accordance with the terms and conditions of the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain Canadian legal matters on behalf of the Corporation by Cassels Brock & Blackwell LLP and on behalf of the Agent by Baker & McKenzie LLP. The distribution of the Offered Shares will not continue for a period of more than 90 days after the date on which the Corporation receives a receipt for this short form prospectus in respect of the Offering, unless an amendment to this short form prospectus is filed and a receipt obtained therefor by the Corporation in accordance with applicable securities laws, provided that the total period of distribution under the Offering will not exceed 180 days from the date of the receipt for this short form prospectus.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about July 31, 2014, or on such other date as may be agreed upon by the Corporation and the Agent (the "**Closing Date**"). It is expected that the Corporation will arrange for an instant deposit of the Offered Shares to or for the account of the Agent with CDS Clearing and Depository Services Inc. ("**CDS**") on the Closing Date, against payment of the aggregate purchase price for the Offered Shares. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer from or through whom the Offered Shares are purchased. See "Plan of Distribution".

An investment in the Offered Shares is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. The risks outlined in this short form prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See "Risk Factors".

The Corporation is organized under the laws of a foreign jurisdiction, and Jeremy Martin, Chief Executive Officer and a director of the Corporation, Jeffrey Karoly, Chief Financial Officer of the Corporation, Owen Bavinton, David Hall, and Allan Walker, each a director of the Corporation, reside outside of Canada. Although the Corporation and each of the aforementioned individuals have appointed Cassels Brock & Blackwell LLP as its or his agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against the Corporation or these individuals.

The Corporation's head and registered office is located at 26 Dover Street, London, W1S 4LY, United Kingdom.

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Readers should rely only on information contained or incorporated by reference in this short form prospectus. The Corporation has not authorized anyone to provide the reader with different information. The Corporation is not making an offer of these securities in any jurisdiction where the offer is not permitted. Readers should not assume that the information contained or incorporated by reference in this short form prospectus is accurate as of any date other than the date on the front of this short form prospectus or the respective dates of the documents incorporated by reference herein. The Corporation does not undertake to update the information contained or incorporated by reference herein, except as required by applicable securities laws.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus and the documents incorporated by reference herein contain “forward-looking information” within the meaning of applicable Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information in this short form prospectus and the documents incorporated by reference herein includes, among other things, disclosure regarding: the Corporation’s future outlook; the Offering and Concurrent Private Placement (as defined herein); the closing of the Offering and Concurrent Private Placement and the timing thereof; the issuance of the Offered Shares pursuant to the Offering; the issuance of the Private Placement Shares pursuant to the terms of the Concurrent Private Placement; the information under the heading “Use of Proceeds”; the use of the net proceeds of the Concurrent Private Placement; the listing on the TSX and AIM of the Offered Shares, Additional Offered Shares and Private Placement Shares; the potential of the Corporation’s current or future property interests; the future price of nickel and other minerals; the success of exploration and mining activities; the cost and timing of future exploration, production and development; the estimation of mineral resources and mineral reserves; the realization of mineral resource and mineral reserve estimates; the requirements for additional capital and other statements relating to the financial and business prospects of the Corporation. In addition, statements relating to mineral reserves or mineral resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources and mineral reserves described can be profitably mined in the future.

Forward-looking information is based on reasonable assumptions, estimates, analysis and opinions that have been made by management of the Corporation in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information, including but not limited to: exploration and mining risks; the ownership by Teck Resources Limited ("**Teck**") of 42.5% of the Corporation's share capital; competition from competitors with greater capital; the Corporation's lack of experience with respect to development-stage mining operations; fluctuations in metal prices; uninsured risks; environmental and other regulatory requirements; exploration, mining and other licences; the Corporation's future payment obligations; potential disputes with respect to the Corporation's title to, and the area of, its mining concessions; the Corporation's dependence on its ability to obtain sufficient financing in the future; the Corporation's dependence on its relationships with third parties; the Corporation's joint ventures; the potential of currency fluctuations and political or economic instability in countries in which the Corporation operates; currency exchange fluctuations; the Corporation's ability to manage its growth effectively; the trading market for the Ordinary Shares; uncertainty with respect to the Corporation's plans to continue to develop its operations and new projects; the Corporation's dependence on key personnel; possible conflicts of interest of directors and officers of the Corporation; the legal and regulatory framework within which the Corporation operates, and those factors discussed in the sections entitled "Risk Factors" in the Annual Information Form (as defined herein) and "Risks and Uncertainties" in the Interim MD&A (as defined herein) and in the Annual MD&A (as defined herein), which are incorporated by reference herein.

Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Corporation does not undertake to update any forward-looking information contained in this short form prospectus or the documents incorporated by reference herein, except in accordance with applicable securities laws.

THIRD PARTY INFORMATION

This short form prospectus includes geographic and economic information, industry data and market share information obtained from independent industry publications, market research and analyst reports, surveys and other publicly available sources. Although the Corporation and the Agent believe these sources to be generally reliable, geographic and economic information, industry data and market share information is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. The Corporation and the Agent have not independently verified any of the data from third party sources referred to in this short form prospectus nor ascertained the underlying assumptions relied upon by such sources.

FINANCIAL INFORMATION

The financial statements of the Corporation incorporated by reference in this short form prospectus have been prepared in accordance with International Financial Reporting Standards and are reported in British pound sterling.

All currency amounts in this short form prospectus are expressed in Canadian dollars, unless otherwise indicated. References to "£" are to British pound sterling and references to "US$" are to United States dollars.

On July 23, 2014, the noon rate for the British pound sterling in terms of Canadian dollars was £1.00 = $1.8297, for the Canadian dollar in terms of British pound sterling was $1.00 = £0.5465, for the United States dollar in terms of Canadian dollars was US$1.00 = $1.0741 and for the Canadian dollar in terms of United States dollars was $1.00 = US$0.9310, in each case as quoted by the Bank of Canada.

All proceeds of the Concurrent Private Placement will be received by the Corporation in British pound sterling and are expressed in Canadian dollars in this document using the above exchange rate.

MINERAL RESERVE AND RESOURCE DISCLOSURE

Due to the uncertainty that may be attached to inferred mineral resource (an "**Inferred Mineral Resource**") estimates, it cannot be assumed that all or any part of an Inferred Mineral Resource estimate will be upgraded to a measured or indicated mineral resource (an "**Indicated Mineral Resource**") estimate as a result of continued exploration. Confidence in an Inferred Mineral Resource estimate is insufficient to allow meaningful application of the technical and economic parameters to enable an evaluation of economic viability sufficient for public disclosure, except in certain limited circumstances set out in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). The economic analysis contained in the Technical Report (as defined herein) is based on probable mineral reserve estimates.

ELIGIBILITY FOR INVESTMENT

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Baker & McKenzie LLP, counsel to the Agent, under the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder, provided the Offered Shares are listed on a "designated stock exchange", as defined in the Tax Act (which includes the TSX) at the relevant time, the Offered Shares would be a qualified investment for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account ("**TFSA**").

Notwithstanding the foregoing, if the Offered Shares are a "prohibited investment" for an RRSP, RRIF or TFSA (a "**Registered Plan**"), the annuitant or holder of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. Provided that for purposes of the Tax Act the annuitant or holder of the Registered Plan deals at arm's length with the Corporation and does not have a "significant interest" (for purposes of the prohibited investment rules) in the Corporation, the Offered Shares will not be a prohibited investment for such Registered Plan. In addition, the Offered Shares will not be a prohibited investment if the Offered Shares are "excluded property", for purposes of the prohibited investment rules, for a Registered Plan. Annuitants and holders of Registered Plans should consult their own tax advisors as to whether Offered Shares will be a prohibited investment in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commission in the province of Ontario. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at 26 Dover Street, London, W1S 4LY, United Kingdom, telephone +44(0)207 763 7157, and are also available electronically at www.sedar.com. The filings of the Corporation through the System for Electronic Document Analysis and Retrieval ("**SEDAR**") are not incorporated by reference in this short form prospectus except as specifically set out herein.

The following documents, filed by the Corporation with the securities commission in the province of Ontario, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

(a) the annual information form (the "**Annual Information Form**") of the Corporation dated March 21, 2014 for the fiscal year ended December 31, 2013;

(b) the restated audited consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows of the Corporation for the year ended December 31, 2013, the restated audited consolidated statement of financial position of the Corporation as at December 31, 2013, together with the restated auditors' report thereon and the notes thereto set out on pages 22 to 51 (inclusive) of the Corporation's 2013 annual report (the "**Annual Financial Statements**");

(c) management's discussion and analysis of the Corporation for the twelve months ended December 31, 2013 (the "**Annual MD&A**");

(d) the restated unaudited interim condensed consolidated financial statements of the Corporation for the three months ended March 31, 2014, together with the notes thereto, filed on SEDAR on July 24, 2014 (the "**Interim Financial Statements**");

(e) management's discussion and analysis of the Corporation for the three months ended March 31, 2014 (the "**Interim MD&A**");

(f) management information circular of the Corporation dated February 20, 2014, with respect to the annual general meeting of shareholders held on March 25, 2014;

(g) the technical report entitled "NI 43-101 Technical Report, Prefeasibility Study (PFS) for the Araguaia Nickel Project, Pará State, Brazil" dated March 25, 2014 (the "**Technical Report**") prepared by Anthony Finch, P.Eng., MAusIMM (CP Mining), B.Eng., B.Econ., Harald Muller, B. Eng., (Chem), MBL, FAusIMM, FIChemE, FSAIChE, C.Eng., Pr.Eng. and Andrew Ross, B.Sc. (Hons), M.Sc., MAIG, FAusIMM, P.Geo., each of Snowden Mining Industry Consultants Pty Ltd. ("**Snowden**") and Peter Theron, Pr.Eng., SAIMM, B.Eng. (Civil Eng), G.D.E., of Prime Resources (Pty) Ltd Environmental Consultants ("**Prime**");

(h) material change report of the Corporation dated July 23, 2014, announcing the Offering and the Concurrent Private Placement, together with the pricing of the Offering and Concurrent Private Placement; and

(i) the corporate presentation entitled "Developing the next major nickel project in Brazil" dated and filed on SEDAR on July 14, 2014 (the "**Marketing Materials**").

Any document of the type referred to in Section 11.1 of Form 44-101F1 – *Short Form Prospectus,* if filed by the Corporation after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies, replaces or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

MARKETING MATERIALS

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the "Marketing Materials" (as such terms are defined in National Instrument 41-101 — *General Prospectus Requirements*) are modified or superseded by a statement contained in this short form prospectus. Any ''template version" of "marketing materials" filed on SEDAR after the date of this short form prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated by reference into this short form prospectus.

THE CORPORATION

Overview

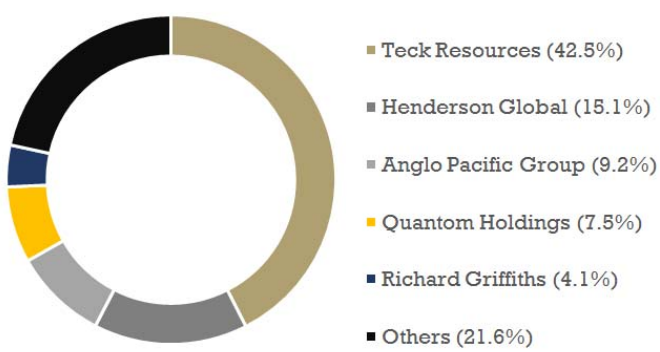
The Corporation is a mineral exploration and development company currently focused on the development of its 100%-owned Araguaia nickel laterite project (the "**Araguaia Project**") in Brazil, which it envisions being the next major nickel project in Brazil.

The Corporation was incorporated in England and Wales under the Companies Act 1985 (the "**1985 Act**") as a public company with limited liability on January 16, 2006 with registration number 5676866. The principal legislation under which the Corporation operates and under which the Ordinary Shares are regulated is the Companies Act 2006 (the "**2006 Act**") of England and Wales.

The Ordinary Shares trade under the stock symbol "HZM" on both AIM and the TSX. As of July 11, 2014, the Corporation had a market capitalization of £26.07 million on AIM, based on a closing trading price of 6.50 pence per Ordinary Share, and a market capitalization of $48.1 million on the TSX, based on a closing trading price of $0.12. As of July 11, 2014, the 52-week trading price range of the Ordinary Shares was between 5.25 and 8.00 pence on AIM, and between $0.11 and $0.17 on the TSX.

Research analyst coverage of the Corporation on the TSX is provided by the Agent, and on AIM by Martin Potts of finnCap Ltd. ("**finnCap**"), which also acts as the Corporation's nominated advisor and broker.

The Corporation is well-funded. As of March 31, 2014, the Corporation held a cash and cash equivalents balance of $4.29 million. The Corporation's cornerstone investors include Teck, Henderson Global Investors, Anglo Pacific Group, and LGA Mineração e Siderugia. As at the date hereof, the Corporation's shareholder breakdown and percentage of issued share capital is as follows:



As highlighted in the tables below, the Corporation is led by a proven team with extensive experience in South America developing nickel projects and mines.

Board of Directors

David J. Hall, Msc, EuroGeol *Chairman*	Mr. Hall has 30 years of experience in exploration and development on projects and mines in over 50 countries. He has extensive South America and Brazil experience, and is familiar with all aspects of project development with majors, including Minorco, Anglo American and AngloGold. Mr. Hall founded Horizonte with Jeremy Martin.
Jeremy J. Martin, Msc, ASCM *Chief Executive Officer and Director*	Mr. Martin has extensive exploration experience in South America and the Caribbean. He has been involved in the formation of a number of AIM and TSX-listed companies and has completed several high-value mineral project transactions.
Owen Bavinton *Non-Executive Director*	Mr. Bavinton was previously Group Head of Exploration and Geology at Anglo American, where he was responsible for overseeing and advising on acquisitions and exploration programmes of Anglo American's key projects, including the Barro Alto and Morro sem Bone nickel projects, both located in Brazil.
Alexander N. Christopher *Non-Executive Director*	Mr. Christopher has over 25 years of experience in mineral exploration and mining. He is currently Vice President of Exploration for Teck, having previously been General Manager New Ventures for such company. For the last 10 years he has focused on the junior mining sector.
William Fisher, P.Geo *Non-Executive Director*	Mr. Fisher has extensive industry experience in both exploration and mining positions worldwide, including Karmin Exploration, Boliden AB, GlobeStar Mining and Aurelian Resources. Mr. Fisher is currently on the board of directors of each of PC Gold, Goldquest and Treasury Metals.
Allan M. Walker, MA *Non-Executive Director*	Mr. Walker has over 25 years of energy and natural resource banking experience focused in Latin America. Mr. Walker currently runs a private Clean Energy fund and previously ran the energy and project finance groups for Standard Bank and CSFB Garantia.

Management

Antonio José de Almeida, P. Geo *General Manager in Brazil*	Mr. de Almeida is a Brazilian national and qualified geologist with over 30 years of experience in mineral exploration. He has held a number of senior positions with both major and junior mining groups, including country manager for Phelps Dodge.
F. Roger Billington, P. Geo *Technical Director Nickel*	Mr. Billington is the ex-head of Falconbridge nickel laterite exploration worldwide. He has also held senior roles in the discovery and evaluation of the Koniambo nickel laterite deposit (New Caledonia) and the GlobeStar nickel laterite deposit (Dominican Republic).
Jeffrey Karoly, BSc, ACA *Chief Financial Officer*	Mr. Karoly has degree in geology and is a Chartered Accountant with over 15 years of experience in the mining industry. He was with Anglo American for 11 years and was previously CFO of South American Ferro Metals, which in 2010 listed on the Australian Stock Exchange.
Dr. Philip Mackey *Senior Metallurgical Advisor*	Dr. Mackey is a consulting metallurgical engineer with over 40 years of experience in non-ferrous metals processing, including a focus on nickel laterite processing. Dr. Mackey was previously with Falconbridge and Xstrata.

The Araguaia Project

Management of the Corporation believes the Araguaia Project is a world leading nickel project in terms of size and grade which offers strong economics and a proven process route combined with good infrastructure. The Araguaia Project is targeted to start producing at a favourable time for the nickel market when consensus demand is predicted to outstrip supply. See "Nickel Industry". The Araguaia Project is located in an established mining district with well-established infrastructure that includes good regional roads and access to rail, water and low-tariff hydroelectric power. In addition, the Araguaia Project has access to the regional port of São Luís, a primary supply chain facility for in-bound and out-bound logistics for bulk material handling of coal and, potentially, ferronickel ("**Fe-Ni**") product. Key infrastructure features accessible to the Araguaia Project include the Tucari hydroelectric dam with 25 units with a 8,370 MW capacity, the new Norte Sul rail line, located to the East of the project, and the Colinas electrical substation.

Project Snapshot

- *High grade nickel asset*. The Araguaia Project is a high grade, large tonnage, low cost, and low capital expenditure nickel project with good infrastructure and a proven Rotary Kiln Electric Furnace ("**RKEF**") processing route allowing for fast-track development.

- *Prefeasibility results demonstrate robust economics*. Robust economics are present for developing a 900,000 tonne single line production facility, with 15,000 tonnes per annum nickel production (at 20% Fe-Ni product). The Araguaia Project prefeasibility study (the "**PFS**") base case suggests a net present value ("**NPV**") of US$519 million, an internal rate of return ("**IRR**") of 20% and net cash flow of US$1.766 billion (after capital payback).

- *Clear path to production in 2017*. Brazil has a well-developed mining code with good support in the state of Pará for the development of new projects. The Corporation has strong institutional and industry support led by its 42.5% shareholder, Teck, a leading major diversified mining company. The Corporation has a solid track record of delivering milestones on time and on budget. The management team is led by an experienced board of directors (the "**Board**") with the ability to take the Araguaia Project through to production.

- *Large resource*.

- *Long-term nickel demand*. Favourable nickel market fundamentals are present. A mid-term supply deficit is forecast, which is expected to be further increased by the Indonesian DSO export ban, should such ban be maintained. See "Nickel Industry".

In July 2013**,** the Corporation engaged Snowden to conduct the PFS, which study formed the basis of the Technical Report. The PFS contemplated two production scenarios, the details of which are summarized in the table below. See "Mineral Property – Summary – Introduction".

	Base Case **900,000 tonnes per annum** **Single line**	**Larger Scale Option** **2,700,000 tonnes per annum** **Twin line**
NPV_8	US$519 M	US$1,204 M
IRR	20%	21%
Initial mine life	25 years	22 years(1)
Capital cost (pre-production)	US$582 M	US$1,436 M
Cash costs C1	US$4.16/lb (US$9,166/t)	US$4.25/lb(1) (US$9,380/t)(1)
Net cash flow over life of mine	US$1,766 M	US$3,470 M
Payback period (after taxation)	4.4 years	3.9 years
Targeted production per annum	15,000 tonnes per annum Ni in Fe-Ni	40,000 tonnes per annum Ni in Fe-Ni
Average Ni grade – years 1 to 10	1.76% Ni(1)	1.57% Ni(1)
Product grade quality	20% Fe-Ni(1)	20% Fe-Ni(1)

Note:
(1) Scientific and technical information has been reviewed and approved by David Hall, BSc, MSc, Fellow SEG PGeo, Chairman of Horizonte, a qualified person within the meaning of NI 43-101. See "Interests of Experts".

The base case of 900,000 tonnes per annum described in the above table is the Corporation's preferred development route to maximize financial returns while minimizing technical and capital risks. See "Mineral Property – Summary" and "Mineral Property – Economic evaluation".

The Araguaia Project's ore is confirmed as suitable for the RKEF process, and the PFS contemplates the production of Fe-Ni via this proven and low-risk pyrometallurgical process. RKEF is a proven nickel laterite processing technology that is over 60 years old and is utilised by approximately 20 operational plants worldwide. See “Mineral Property – Summary – Metallurgical testwork”.

In respect of the Corporation’s metallurgical testing activities, Fe-Ni product grading 20% was produced at Xstrata Process Support’s facility in Canada. A second stage pilot campaign will be run in 2014. Additional test work that includes smelting, calcination and agglomeration studies has been completed by Hatch, FLS, Feeco and Xstrata Process Support.

In connection with its environmental and social responsibilities, the Corporation has undertaken environmental and social baseline programs. The environmental baseline program involves collecting information on climate, particulate matter, ground and surface water composition and depth, soils, flora and fauna. Social baseline data collection includes information on regional demographics, stakeholders, community infrastructure and land rights.

The future development plan for the Araguaia Project includes completion of the following phases of development over the course of 2014 through 2017:

- pilot campaign trial mining, infill drilling, feasibility study and permitting;
- completion of permitting, detailed engineering, and the awarding of construction contracts;
- construction and ramp-up; and
- ramp-up to full production.

See “Mineral Property – Project Development”.

Operations in Brazil

Ownership of the Araguaia Project under Brazilian Law

As a general rule, the Brazilian Constitution and Civil Code permit equally foreign and domestic persons to own property in Brazil. Subject to certain exceptions, changes to the political climate, laws, regulations, taxes, or other factors affecting land ownership in Brazil will also impact ownership rights equally as between property held directly by domestic persons or indirectly by foreign persons. One of these exceptions is mineral rights: a non-Brazilian (i.e. foreign) person or legal entity cannot hold mineral rights in Brazil. However, the Brazilian subsidiary of a foreign person or entity may hold ownership of mineral rights and other assets related to a mine (subject to certain restrictions on real property described below), except if such mineral rights are located in a border region. The Araguaia Project is owned by the Corporation’s 99.9% owned subsidiary, Araguaia Níquel Mineraçao Ltda. (“**ANML**”), a company existing under the laws of Brazil, and is not located in a border region.

Notwithstanding the foregoing, restrictions apply to ownership of land by foreign persons or entities or by Brazilian subsidiaries controlled by foreign persons or entities. Such restrictions were established by Law n. 5.709, of October 7, 1971, and stipulate the maximum areas that may be owned by a foreign person, legal entity or a Brazilian subsidiary, and the requirements in respect of obtaining prior authorization of the INCRA (the Brazilian agency that regulates ownership and use of rural lands) before acquiring or leasing rural lands. Such maximum areas vary in accordance with the region and the municipality. Until 2010, such restrictions applied only to foreign persons or legal entities. However, in 2010, the Attorney General’s Office reinterpreted the Brazilian legislation relating to land acquisitions, and held that restrictions were also applicable to Brazilian subsidiaries of foreign persons or legal entities. On June 13, 2012, the Committee of Agriculture of the Brazilian Congress approved a report setting out a proposal to allow Brazilian companies controlled by foreigners to acquire large quantities of rural lands. The report has been approved and the proposal will consider whether Brazilian companies with foreign capital can be considered national companies without limitations on land acquisition.

The Corporation is able to verify ownership of its property interests in the Araguaia Project through:

(a) the receipt and review of title opinions regarding the Corporation's mineral rights to the Araguaia Project provided by the Corporation's Brazilian legal counsel;

(b) searches conducted in the registry of the National Department of Mineral Production (the Departamento Nacional da Produção Mineral, the "**DNPM**"), the agency of the Brazilian federal government responsible for controlling and applying the Brazilian Mining Code, in which all applications, grants, transfers and assignments of exploration permits, mining concessions and other evidence of mineral rights to explore the underground are registered and recorded;

(c) correspondence with the DNPM pursuant to which exploration plans and detailed reports of work performed and geological and technological studies are required to be submitted;

(d) payment to the DNPM in respect of government fees, charges, taxes and annual exploration fees on the mineral titles held;

(e) review, negotiation and execution of various asset purchase agreements relating to the acquisition/transfer of certain mining titles, as more fully described in the technical report; and

(f) the entering into of agreements with certain possessors of surface land covering the majority of the area used in Araguaia Project.

Permits, Business Licenses and Other Approvals

The government of Brazil regulates mining activities through the Ministry of Mines and Energy, and DNPM, which are the regulatory authorities in charge of authorizing research and exploitation. In addition, the Federal and State environmental authorities regulate mining operations by licensing all steps of operations that have any environmental impact. All of the directors and executive officers receive updates from technical experts in this regard, allowing them to become familiarized with applicable regulations.

The material permits and business licenses required for the Corporation to be able to carry out business operations in Brazil, through a subsidiary or controlled company, are:

- Registration of any Brazilian subsidiaries and their foreign shareholders with the Central Bank of Brazil ("**BACEN**") and compliance with regulations regarding foreign direct investment. In particular, all international transfers of funds or foreign direct investments related to Brazilian subsidiaries (including their shares) must be registered with BACEN. All such registrations have been completed by the Corporation and its Brazilian subsidiaries.

- Registration of any Brazilian subsidiary with the boards of trade of the states in which such Brazilian subsidiary is incorporated and any state in which the subsidiary has a branch office. A board of trade is a governmental authority responsible for the approval, registration, filing and publication of certain corporate information and functions as the Brazilian registry of commerce. The Corporation's Brazilian subsidiaries, ANML, HM do Brasil Ltda., and Lontra Empreendimentos e Participações Ltda.(collectively, the "**Foreign Operating Entities**") are incorporated in the state of Minas Gerais, and have branch offices in the state of Pará and are therefore registered with the boards of trade of these states.

- For each Brazilian subsidiary, appointment of a legal representative, who is resident in Brazil, to act on behalf of the Brazilian subsidiary's foreign shareholder, including to receive service of process and subpoenas. A power of attorney or equivalent document in respect of such appointment must be filed with the board of trade of the state in which a Brazilian subsidiary is incorporated. The document appointing such representative must be certificated by the Brazilian consulate in the foreign shareholder's jurisdiction of residence or incorporation, and translated into Portuguese by an official translator. In the case of the Foreign Operating Entities, a Brazilian resident has been appointed to act as the legal representative on behalf of the Corporation. Additionally, a power of attorney or equivalent document in respect of such appointment has been filed with the board of trade in the state of Minas Gerais and has been certified as aforesaid.

- Registration with the federal, municipal and state revenue authorities (with registration at the municipal and state authorities to be made in every city and state in which a Brazilian subsidiary has a head or branch office). In the case of the Corporation, the Foreign Operating Entities are registered in the jurisdictions in which their head office is located (in the city of Belo Horizonte, the municipality of Belo Horizonte, in the state of Minas Gerais) and branch office is located (in the city of Conceição do Araguaia, the municipality of Conceição do Araguaia, in the state of Pará).

- Obtaining a "functioning permit" issued by city hall in each jurisdiction in which a Brazilian subsidiary has a head or branch office. In the case of the Corporation, the Foreign Operating Entities have obtained functioning permits in the city of Belo Horizonte, in the municipality of Belo Horizonte, in the state of Minas Gerais, and the city of Conceição do Araguaia, in the municipality of Conceição do Araguaia, in the state of Pará. These represent all of the jurisdictions where the Foreign Operating Entities have a head or branch office.

- Obtaining a (i) "preliminary license" or, depending upon the nature and location of a Brazilian subsidiary's business, (ii) an "installation licence", and (iii) an "operating licence", all of which are to be issued by the state environmental agency in Pará. The Corporation will obtain the necessary installation and operating licenses for ANML prior to beginning production.

- Obtaining exploration licenses and mining concessions, as the case may be, each to be granted, respectively, by the DNPM and by the Minister of Mines and Energy.

The Corporation has satisfied itself that it has all required permits, business licenses and other regulatory approvals to carry out its business in Brazil as currently conducted by conducting an internal review of its paperwork, registrations and legal requirements on a quarterly basis.

All of the minute books and corporate records and documents of the registered Foreign Operating Entities are filed at the relevant entity's headquarters in Belo Horizonte, Minas Gerais, and with the board of trade in Belo Horizonte, Minas Gerais.

Corporate Structure of Foreign Operating Entities

The Foreign Operating Entities are each indirect subsidiaries of the Corporation. Each of the Foreign Operating Entities is incorporated as a limited liability company (called a "limitada" or "Ltda.") which must be organized by at least two shareholders. A Brazilian resident and geologist employed by the Corporation acts as nominee for the Foreign Operating Entities and holds at least one share in each of the Foreign Operating Entities, as required by the Brazilian limited company regulations. However, the Corporation nevertheless controls each of the Foreign Operating Entities and has the power and capacity to cause such subsidiaries to carry on their business in accordance with the Corporation's instructions.

Under applicable Brazilian law, a limited liability company is not required to have a board of directors, but must be administrated by one or more officers who are elected by the company's shareholders to manage and represent the company. The officers elected by the limited liability company's shareholders must be resident in Brazil, but need not be shareholders themselves. The Corporation controls the Foreign Operating Entities by virtue of common management and by its ownership of a majority (currently more than 99.9%) of the shares issued by such entities. The Corporation's management has the (i) power to appoint and dismiss, at any time, any and all of the Foreign Operating Entities' officers, (ii) power to instruct the Foreign Operating Entities' officers to pursue business activities in accordance with the Corporation's wishes, and (iii) legal right, as a shareholder, to require the officers of each such Foreign Operating Entity to comply with their fiduciary obligations. The Corporation can also enforce its rights by way of various shareholder remedies available to it under Brazilian law. As a result, the management of the Corporation can effectively align the its business objectives with those of the Foreign Operating Entities and implement such objectives at the subsidiary level.

The Corporation, by virtue of its ability to control the Foreign Operating Entities in the manner described above, can remove and appoint its Brazilian subsidiaries' officers in a straightforward manner. Generally, officers can be removed by way of a simple communication stating that such officer is being removed from his or her position, and an associated filing with the applicable board of trade. Where a director is nominated in a Brazilian subsidiary's articles of association, such director may only be removed by way of an amendment to the articles. In the case of the Foreign Operating Entities, only the Corporation may amend each subsidiary's articles of association, and it may do so without having to obtain the consent of third parties, so long as the amendment complies with the applicable Brazilian law. The Board, through its corporate governance practices, regularly receives management and technical updates and progress reports in connection with the Foreign Operating Entities, and in so doing, maintains effective oversight of their respective businesses and operations. Furthermore, the opening and closing of bank accounts in the name of a Foreign Operating Entity is controlled, overseen and approved by the Corporation's Chief Financial Officer.

The Araguaia Project includes fourteen exploration licenses held by the Corporation's Brazilian subsidiary, ANML (which is a wholly owned subsidiary of Horizonte Nickel (IOM) Ltd., a company incorporated in the Isle of Man and an indirect wholly owned subsidiary of the Corporation). Through this ownership structure, and the rights accorded to shareholders in "limitada" structures under Brazilian law, the Corporation is able to maintain effective control over ANML and its representative officers.

The risks of the corporate structure of the Corporation and its subsidiaries are risks that are typical and inherent for Corporations that have material assets and property interests held indirectly through foreign subsidiaries and located in foreign jurisdictions. The Corporation's material property is located in Brazil and hence the Corporation's business and operations are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction such as difference in laws, business cultures and practices, banking systems and internal control over financial reporting. Such risks that are deemed to be relevant to the Corporation in this regard are disclosed in the AIF under the subheadings entitled "Operations in Brazil" and "Foreign country and political risk". See also "Risk Factors – Foreign Operations".

The Corporation has been advised by its Brazilian counsel that there are currently no restrictions or conditions that have been imposed by the government of Brazil on the Corporation's ability to operate in Brazil.

In order to impose such restrictions or conditions, a change would be required to the Federal Constitution and other Brazilian laws, which is a time-consuming and difficult process and is unanticipated at this time. However, Brazilian governmental authorities, including those referred to in the paragraphs above, have powers to enact their own regulations, subject to certain statutory restrictions and provided that such regulations do not conflict with existing law. A change to regulations of this nature, if enacted, could affect the Foreign Operating Entities' ability to carry out their respective businesses and operations.

Such risks are mitigated by the Board exercising control over the entire corporate structure by having the authority to cause the removal of the officers and directors of each of the Foreign Operating Entities, by the use of local experts (accounting, legal, tax and directors), by maintaining local bank accounts with accredited banking institutions and exercising strong controls over the use of cash, by performing monthly analytical reviews of the consolidated books and records at the Corporation's head office and by personal inspection and visits to the offices and project locations of the Foreign Operating Entities in Brazil by the Corporation's key management (namely, the Chief Executive Officer and Chief Financial Officer) on a regular basis.

Financial Controls and Flow of Funds

The Corporation has no operations and maintains no bank accounts or cash balances in Canada. The Corporation conducts its corporate management from the U.K. and the Isle of Man. The Corporation hires and engages local experts and professionals (i.e. legal and tax consultants) to advise the Corporation with respect to current and new regulations in respect of banking, financial and tax matters. The Corporation utilizes large, established and well recognized financial institutions in the U.K., Isle of Man and Brazil and applies consistent levels of control in all jurisdictions.

Until the Foreign Operating Entities reach production and generate revenue, all transfers of funds have been and will continue to be from the Corporation to the Foreign Operating Entities (for example, certain proceeds from the Offering will be advanced down from the Corporation to the Foreign Operating Entities) pursuant to an inter-company credit facility. Once the Foreign Operating Entities generate revenues, the Board will be able to cause the Foreign Operating Entities to transfer funds and accomplish the various operating aspects of the business by way of its ability to exert effective control over the Foreign Operating Entities as explained above.

Outside of Brazil, bank accounts are held in the U.K. and the Isle of Man. Differences in banking systems and controls between the U.K. and Isle of Man, and Brazil, are addressed by having stringent controls over cash in both locations; especially over access to cash, cash disbursements, appropriate authorization levels, performing and reviewing bank reconciliations in Brazil on a monthly basis and the segregation of duties.

The Corporation pays all Canadian fees and expenses from bank accounts in the U.K. or the Isle of Man. The proceeds from the Offering will be sent directly by the Agent to the Corporation's bank account in the U.K.

The flow of funds from the U.K. and the Isle of Man to Brazil is ensured to function as intended through maintaining the registration of the Foreign Operating Entities at the Banco do Brasil (the state bank of Brazil). The Corporation and its Isle of Man subsidiaries are also registered at the Banco do Brasil. In this way, remittances to Brazil are always sent through a correctly registered and recognized channel.

Corporate Governance and Oversight

The Corporation has no staff in Canada, but operates a corporate head office in the U.K. The difference in cultures and practices between the U.K. and Brazil is addressed by employing competent staff in Brazil who are familiar with the local laws, business culture and standard practices, have local language proficiency, are experienced in working in Brazil and dealing with the respective government authorities, and have experience and knowledge of the Brazilian banking systems and treasury requirements.

All of the Corporation's directors and executive officers have some familiarity with the legal and regulatory requirements of Brazil as many of the directors and the Chief Financial Officer have previous experience working and conducting business in Brazil. Moreover, the Corporation's officers are required to attend internal meetings and presentations created by Brazilian legal counsel whereby they are apprised of new developments in the legal regime and new requirements that come into force from time to time, such that management is kept aware of relevant material legal developments in Brazil as they pertain to and affect the Corporation's business and operations. Any material developments are then discussed with the directors at the Board level.

Additionally, directors and officers of the Corporation attend seminars and presentations from time to time provided by legal and accounting firms on developments in Brazil and South America. The directors and officers also work closely with Brazilian counsel and Brazilian employees of the Corporation to understand and subsequently adjust firm strategies and practices in connection with changes in Brazilian laws and regulatory regimes.

The Corporation maintains internal control over financial reporting with respect to its operations in Brazil by taking various measures. The Chief Financial Officer and the Chief Executive Officer have the relevant Brazilian cultural understanding and work experience which facilitates better understanding and oversight of the Brazilian operations in the context of internal controls over financial reporting. The Chief Financial Officer also has the relevant language proficiency to interact with local management.

Pursuant to the requirements of National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Corporation assesses the design of its internal controls over financial reporting on an annual basis. Furthermore, key controls for the accounts in scope are tested across the Corporation on an annual basis and the working papers of these tests performed at all the locations are reviewed at the head office level.

The Board has delegated authority to the members of the Audit Committee in respect of several functions that are documented in the Audit Committee Terms of Reference which is appended as Schedule A to the AIF, and incorporated by reference into this short form prospectus. In particular, the Audit Committee has the authority required by Section 4.1 of National Instrument 52-110 - *Audit Committees*, pursuant to Sections 23, 26, and 36 – 42 of the Audit Committee Terms of Reference.

The oversight built into the policies and procedures of the Corporation in respect of the Foreign Operating Entities is supplemented by meeting with local management in Brazil and visits by directors and management of the Corporation to the Araguaia Project and the Corporation's operations in Brazil, as follows:

- the directors visit the Corporation's operations in Brazil every 12 to 18 months, as circumstances require;
- the Chief Executive Officer visits the Corporation's operations in Brazil every 4 to 6 weeks; and
- the Chief Financial Officer visits the Corporation's operations in Brazil every 6 to 12 months.

The directors, the Chief Executive Officer and the Chief Financial Officer meet with local management each time they visit the Corporation's operations in Brazil.

Experience of Directors and Officers Operating in Brazil

The Corporation's existing management team has been in place for up to eight years, and has conducted business in Brazil through its involvement with the Araguaia Project, predecessor properties, and other operations based in Brazil since that time.

Furthermore, the following directors and officer have additional experience conducting business in Brazil:

Directors:

- David Hall, the Corporation's non-Executive Chairman, has extensive South America and Brazil experience. Mr. Hall was based in Brazil for four years from 1997 until 2001 when he was employed by Anglo American plc and AngloGold Ashanti plc to manage their exploration programmes in Brazil and elsewhere in South America.
- Allan Walker, a non-Executive Director of the Corporation, was based in Brazil for a total of seven years between 1990 and 2001, where he was employed in banking by ING Barings and later Credit Suisse First Boston Guarantia. Mr. Hall has continued in his business dealings with Brazil in his subsequent employment.
- Owen Bavinton, a non-Executive Director of the Corporation, lived in Brazil from 1981 to 1985, when he worked for Western Mining, managing the company's exploration activities in the country. Mr. Bavinton has also continued in his business dealings with Brazil in his subsequent employment, notably as head of exploration worldwide for Anglo American plc.

Officer:

- Jeffrey Karoly, the Chief Financial Officer of the Company lived in Brazil from 1999 until 2001 when he worked for Anglo American plc. Between 2008 and 2010, Mr. Karoly was employed as Chief Financial Officer for South American Ferro Metals Ltd, the owner of a mine in Brazil.

Knowledge of the local business, culture and practices is imparted by these individuals to other directors and officers of the Corporation. Furthermore, several of the directors and officers visit Brazil on a regular basis in order to ensure effective control and management of the operations and as a result come into contact with other employees, personnel, government officials, business persons and customers who are locals in Brazil, which enable them to enhance their knowledge on these fronts.

Communication with Foreign Operating Entities and the Brazilian Government

Each member of the management team located in Brazil speaks fluent Brazilian Portuguese and all are proficient in English. In addition, the full-time project manager resident in Brazil is a citizen of the United States who is fully bilingual in English and Brazilian Portuguese. Of the management team located in the U.K., Allan Walker and Jeffrey Karoly, who are respectively non-Executive Director and Chief Financial Officer of the Corporation, have a working knowledge of Brazilian Portuguese. Jeremy Martin, Chief Executive Officer of the Corporation, and also located in the U.K., has a conversational knowledge of Brazilian Portuguese. Messrs. Walker, Martin and Karoly are all fluent in English. The primary language used in management and Board meetings is English. The management team located in Brazil who deals directly with the operating staff and outside consultants will communicate in Brazilian Portuguese with such individuals as necessary. Both the Foreign Operating Entities and the Corporation have translators on staff to assist with all communication requirements, as needed.

Material documents relating to the Corporation that are provided to the Board are in English. Senior management of the Foreign Operating Entities in Brazil are all proficient in English and each of the Corporation and the Foreign Operating Entities have translators on staff to assist with all translation requirements. In addition, the Corporation has relationships with several commercial translation companies that can assist with excess translation requirements, if needed.

The Corporation does not currently have a formal communication plan or policy in place and has not to date, experienced any communication-related issues due to the fact that the management team located in Brazil has proficiency in the English language. As the business continues to increase in size and complexity, the Corporation will, from time to time, re-evaluate whether a formal communication policy is necessary.

Recent Developments

On June 19, 2014, the Corporation announced that it had filed the Social Environmental Impact Assessment (the "**SEIA**") with the Pará State Environmental Agency in Brazil for the Araguaia Project. Horizonte is currently developing the Araguaia Project towards the feasibility stage in second half of 2014 and hopes to receive the full SEIA approval in fourth quarter of 2014 or first quarter of 2015.

NICKEL INDUSTRY

The information under this heading, including geographic and economic information, industry data and market share information is based upon independent industry publications, market research and analyst reports, surveys and other publicly available sources. The Corporation and the Agent have not independently verified any of the data from third party sources referred to in this short form prospectus nor ascertained the underlying assumptions relied upon by such sources. See "Third Party Information".

Brazilian Mining Sector

According to the Instituto Brasileiro de Mineração, Brazil is the world's sixth largest economy with a strong degree of economic and political stability, and has a notable emerging mining sector. Brazil's mineral production totaled US$51 billion in 2012 (up from US$8 billion in 2001) and its mining sector employs approximately 175,000 people. Brazil is a significant producer of bauxite, nickel, copper, gold, niobium and phosphate, and is the world's second largest exporter of seaborne iron ore. Investment in the Brazilian mining sector is expected to reach US$75 billion by 2016, and US$321 million is spent annually on mineral exploration activities. However, Brazilian exploration activities account for just 3% of world mineral exploration spending, and the country remains underexplored.

The Araguaia Project is located in the Brazilian state of Pará, which is located south of the Carajas mining district in northeastern Brazil. The northeast region has seen rapid infrastructure development over the past 10 years, including the building of ports, railways, refineries and mines. The geographic location of the Araguaia Project is illustrated in the map below.

Principal new mining projects in the region in which the Araguaia Project is located include Vale's S11D iron project, Votorantim Metals' Rondon do Pára project, and the Hydro Alunorte project. With a project cost of approximately US$20 billion, Vale's S11D iron project is designed to produce approximately 90 million tonnes of iron ore per annum, bringing Vale's production in Pára state up to approximately 230 million tonnes per annum.

Regional nickel operations include Anglo American's Barro Alto Nickel operation, located in the nearby Goiás state, and Vale's Onça Puma nickel operation, located 150 km to the northeast of the Araguaia Project. The Barro Alto operation has reserves plus resources of 118 million tonnes at 1.43% Ni, and commenced production in March 2011. The operation is targeting nickel production of 36,000 tonnes per annum over the 26-year life of mine. The Onça Puma operation has a reserve of 95 million tonnes at 1.61% Ni, and commenced production in May 2011. The operation's planned annual production capacity is estimated to be 53,000 tonnes of nickel. Both the Barro Alto and Onça Puma operations make use of the RKEF process.

Nickel Uses

Nickel has a variety of commercial and industrial uses, including:

- *Production of stainless steel*. Stainless steel typically has nickel content of 8 to 12%, and is used in the construction industry to produce strong, corrosion-resistant structural and architectural components. Stainless steel is also used in high-efficiency heating systems, food and beverage storage and production and surgical instruments.

- *Electronics*. Nickel is a critical component of rechargeable batteries, including those produced for hybrid cars. It is also used in the layering of hard drives and electromagnetic shielding for aircraft and hospitals.

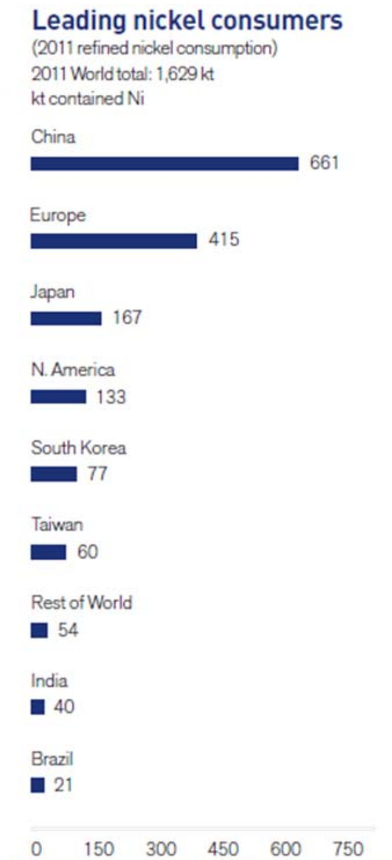
- *Transport*. Nickel alloys are used in jet engines and airframes, and high-strength nickel cobalt steels are used in gears and drives. Nickel is also used in passenger rail cars.

- *Energy*. Nickel is used in coal scrubbing systems, gearing in wind turbines – there is approximately 500 kg of nickel per turbine – and in power station turbine blades and pipework.

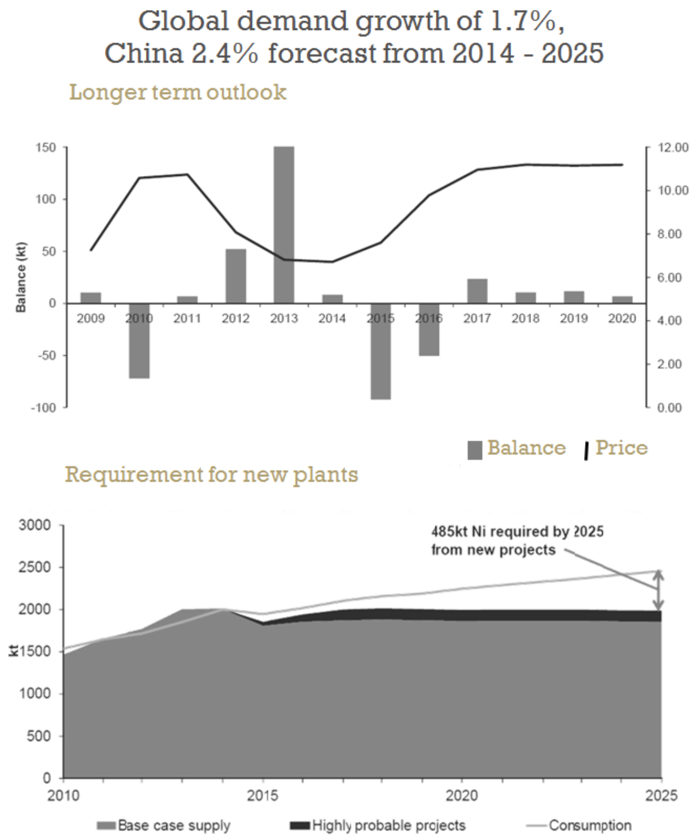
Wood Mackenzie Ltd. ("**Wood Mackenzie**") estimates that global nickel consumption by first use is comprised of: stainless steel (66.8%), N-F alloys (12.1%), plating (6.8%), alloy steel (4.5%), foundry (3.1%), and other (6.7%).

Nickel Market

Due to its dominance in global stainless steel production (and therefore nickel consumption), China now accounts for over 40% of world nickel demand, compared to less than 10% a decade ago. Developments in the Chinese stainless steel industry remain the key driver behind primary nickel consumption growth. World stainless steel production growth of over 7% in 2013 supported an approximately 9% increase in global nickel consumption.

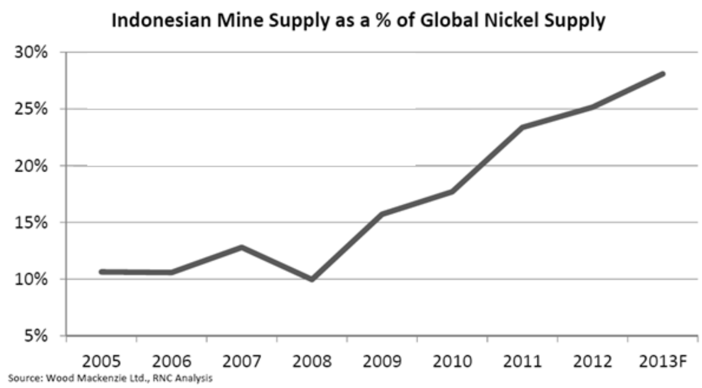


Source: Brook Hunt – a Wood Mackenzie company

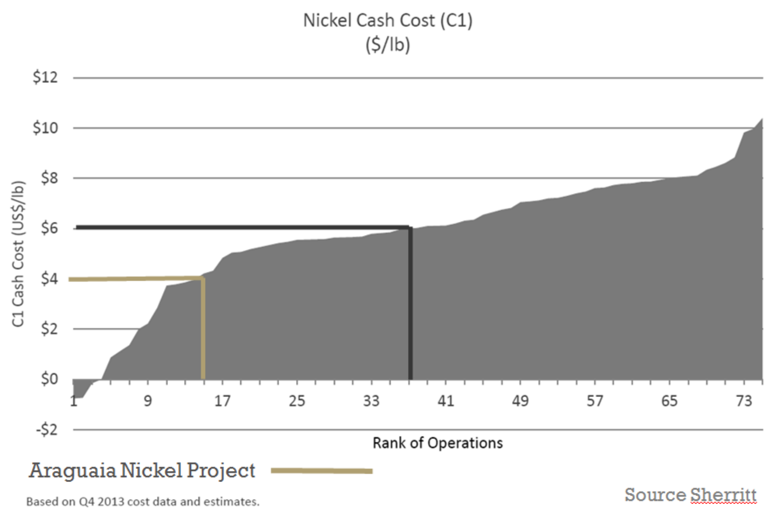


Source: Wood Mackenzie

In January 2014, Indonesia implemented a ban on all exports of nickel ore. In a joint 2014 report, a global mining consultancy and a Canadian nickel producer estimated that Indonesia accounts for approximately 70% of all nickel ore imports to China. Furthermore, approximately three quarters of Chinese nickel pig iron output was sourced from Indonesian ore. This growth in Chinese demand for Indonesian nickel ore (14% in 2007) has been driven by demand from China to feed increasing consumption of nickel pig iron and, latterly, RKEF production. The ban is also anticipated to severely impact nickel producers in Ukraine, Australia and Japan. Based on data presented in the joint report referenced above, the Corporation’s management expects that if the Indonesian export ban continues to be fully implemented, 18% to 20% of world nickel supply would be removed from the market. As a result, the Corporation’s management anticipates that nickel prices will increase in the longer-term through tightening of supply.



Analysis of published cost data suggests that at a market price for nickel of US$6.00/lb (US$13,227/t), approximately half of the current nickel operations would be cash flow negative on a C1 basis.



MINERAL PROPERTY

The summary set forth below (other than the information contained under the subheading, "– Project Development") is based on, without material modification or revision, the summary contained in the Technical Report, prepared by or under the supervision of Anthony Finch, P.Eng., MAusIMM (CP Mining), B.Eng., B.Econ., Harald Muller, B. Eng., (Chem), MBL, FAusIMM, FIChemE, FSAIChE, C.Eng., Pr.Eng. and Andrew Ross, B.Sc. (Hons), M.Sc., MAIG, FAusIMM, P.Geo., each of Snowden and Peter Theron, Pr.Eng., SAIMM, B.Eng. (Civil Eng), G.D.E., of Prime. See "Interests of Experts". Defined terms and abbreviations used in the summary below and not otherwise defined herein shall have the meanings ascribed to them in the Technical Report. The following summary is subject to all the assumptions, qualifications and procedures set out in the Technical Report. The Technical Report was prepared in accordance with NI 43-101. For full technical details of the report, reference should be made to the complete text of the Technical Report, which has been filed with the applicable regulatory authorities and has been posted on SEDAR at www.sedar.com. The Technical Report is incorporated by reference in this short form prospectus and the summary set forth below is qualified in its entirety with reference to the Technical Report incorporated by reference herein.

Summary

Introduction

The Technical Report is a technical report prepared in accordance with NI 43-101 on the PFS for the Araguaia Project, a mineral development project located on the eastern margin of the State of Pará, to the north of the town of Conceição do Araguaia in the country of Brazil. The Araguaia Project is 100% owned by Horizonte. The Technical Report has been prepared for Horizonte by Snowden. IGEO Mineração Inteligente Ltda ("**IGEO**"), KH Morgan and Associates ("**KHM**") and Prime have also contributed, the work by IGEO and KHM has been reviewed by Snowden and Prime.

The Technical Report has been prepared for Horizonte by or under the supervision of qualified persons within the meaning of NI 43-101 in support of Horizonte's disclosure of scientific and technical information for the Araguaia Project.

The study was conducted with the objective of evaluating the economic viability of the Araguaia Project to produce Fe-Ni. The Technical Report summarises the geological, hydrological and engineering studies performed at a PFS level (± 25% accuracy) and used in the economic evaluation of the Araguaia Project.

The engineering design solutions offered in the Technical Report are considered industry standard practices. The mining of nickel laterites is typically via open pit configurations which involve well-developed mining practices and earthmoving machine applications. The study considers the open pit configuration and builds upon this knowledge for the exploitation of nickel laterites to establish the production of ROM from seven open pits which supply a targeted 0.9 million tonnes per annum ("**Mtpa**") of ore to a processing and smelter facility that uses the RKEF process with the product being sold at the mine gate. Initially, two production scenarios were considered:

- 2.7 Mtpa (contractor and owners mining and haulage)
- 0.9 Mtpa (contractor and owners mining and haulage)

The base case of 0.9 Mtpa was selected based as a consequence of Horizonte's desire to minimize the capital expenditure and overall capital intensity, and to optimize overall cash flow, payback, and the economics of the Araguaia Project. Opportunity does exist to increase and expand production subject to further engineering and a potential to increase in reserve base. The base case for the study assumes an ore processing rate of 0.9 Mtpa after a two year initial ramp up period. A plant construction period of two years has been assumed and the pre-production capital construction costs for the plant have been divided 30%, in Year 1, and 70%, in Year 2. In addition, sustaining capital has been provided for over the life of the mine and process plant. To minimise capital, the base case also assumes contractor mining which includes ore haulage to the plant. Supply chain factors have also been considered for in-bound and out-bound logistics for key consumables such as coal for smelter requirements.

The economic analysis contained in the Technical Report is based on Probable Reserve estimates. All dollar values are in United States dollars.

Property location, accessibility and climate

The Araguaia Project is centred approximately 07° 37'S and 49° 24'E (675000E/9120000N) (see Figure 1.1) and extends marginally across the south-eastern border of Pará State with Tocantins State. This location is approximately 40 km north of Conceição do Araguaia (population of 46,206) and is accessed by a network of unsealed roads branching eastward from the unsealed Conceição do Araguaia– Floresta road (PA 449) that passes through the Araguaia Project. The area has a close reticulated system of earth roads servicing numerous cattle properties.

The Araguaia Project can be reached by air from São Paulo via Palmas, the capital of Tocantins State situated to the east of Rio Araguaia. From there it is a further 400 km drive on mainly sealed highways to the main

Araguaia field office in Conceição de Araguaia. Local flights are supported by airports at Palmas (Tocantins State), and Redenção via Belém/Marabá.

In the Araguaia region, the rain season mostly extends from October to May with approximately 1,754 mm of average annual fall. An average temperature of around 25° C is maintained throughout the year. Average maximum of approximately 35° C occurs in August and September with an average minimum of approximately 20° C from June to August. Summer rain results at the southern edge of the equatorial Intertropical Convergence Zone ("**ITCZ**"). The seasonal shift of the ITCZ gives rise to a wet and dry season to the Araguaia region. Short periods of rain can occur in the winter dry season through northward extensions of the Polar Front. Rainfall average for Conceição do Araguaia is shown on Figure 1.2 and temperature on Figure 1.3.

Figure 1.1 Location map and local infrastructure

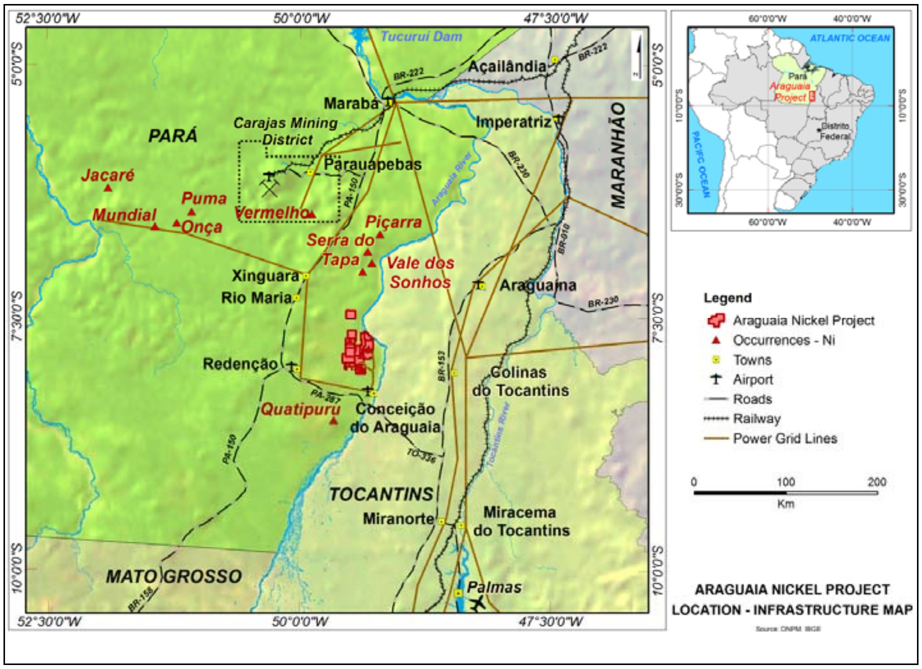


Figure 1.2 Average monthly rainfall, Conceição do Araguaia

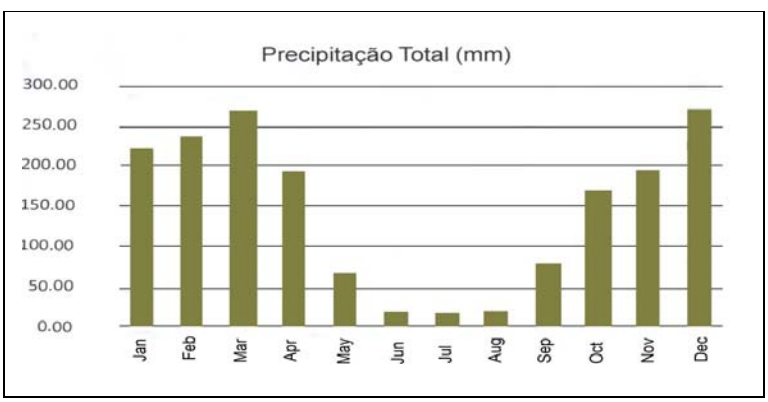
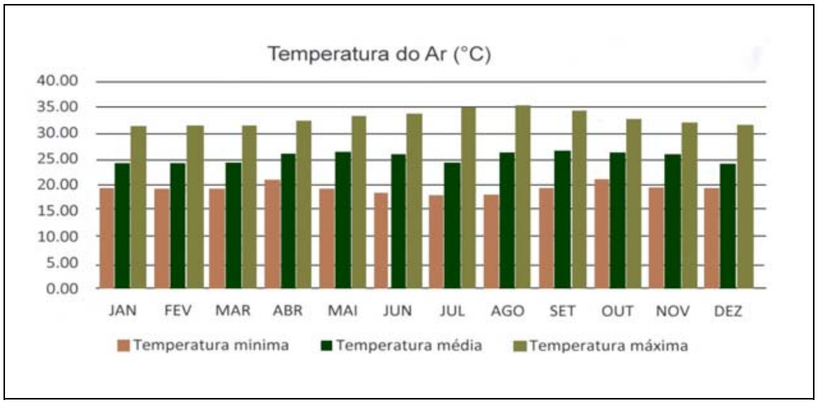


Figure 1.3 Monthly temperature, Conceição do Araguaia



Property ownership

The Araguaia Project is comprised of 14 exploration licences in two non-contiguous blocks within the prominent Araguaia Nickel Belt located in Pará state, Brazil. The licences have been acquired by Horizonte through application and acquisition. Lontra was a discovery by Horizonte and the Araguaia licences were acquired through the purchase of Teck's adjacent Araguaia project. The Floresta and Villa Oito licences were acquired via share purchase from Lara Exploration. All licences are now held under one Brazilian company 100% owned by Horizonte.

Property description

The Araguaia Project covers an area of 118,557 ha. Topography of the area, defined in the quadrangle 9110000N to 9135000N and 670000E to 685000E, is considered mildly undulating with various rounded hill features ranging in elevations of 217 m (AMSL) to 360 m (AMSL). Figure 1.4 provides a generalised view of the topography in the Araguaia Project area.

More than 60% of the Araguaia Project is cleared of vegetation for open paddock cattle grazing. The area was never primary rainforest and is termed cerrado in Brazil.

Figure 1.4 Typical topography of project area

Source: KHM 2013

Geology and mineralisation

The deposits of the Araguaia Project are typical examples of nickel laterites formed in a seasonally wet tropical climate on weathered and partially serpentinised peridotite. The nickel in such deposits is derived from altered olivine, pyroxene and serpentine that constitute the bulk of tectonically emplaced ultramafic oceanic crust and upper mantle rocks.

Laterisation of these serpentinised peridotite bodies occurred during the Tertiary period and the residual products have been preserved as laterite profiles over plateaus/amphitheatres, elevated terraces and ridges/spurs.

Supergene concentration of the nickel by leaching from the limonite zone and enrichment in the underlying saprolite zones is also common. The degree of the nickel concentration and the detailed type of regolith profile developed is determined by several factors including climate, topography, drainage, tectonism and the mineralogy and structures in the parent rock.

A nickel laterite deposit profile at the Araguaia Project typically consists from surface to bedrock of:

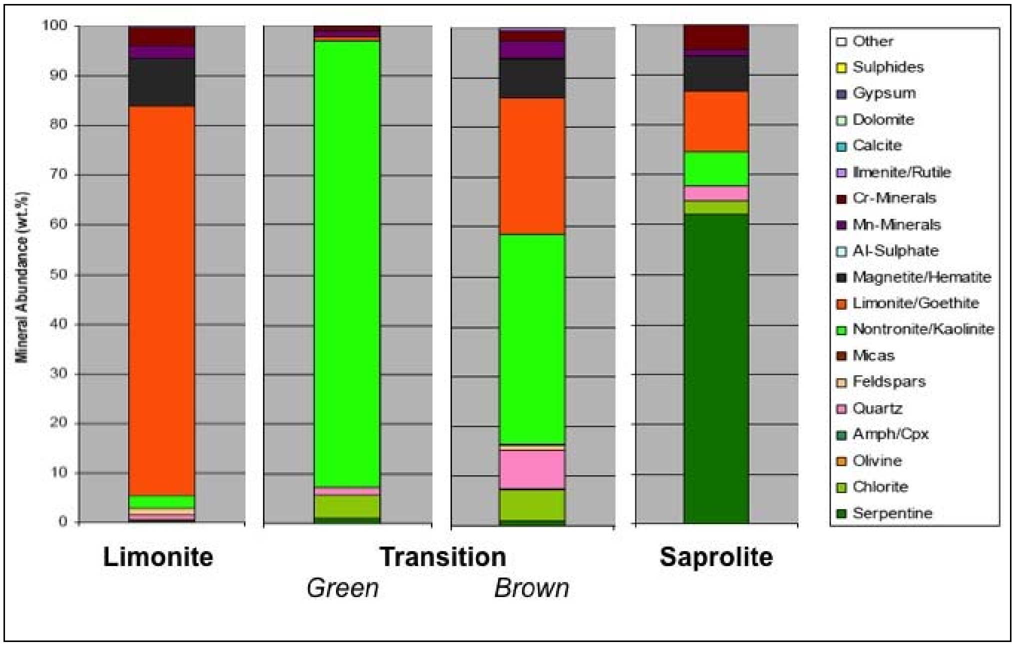
- A Soil Horizon – 0.6 m to 1.6 m average thickness
- Ferricrete Horizon (including unconsolidated and cemented types, iron cap and pisolites) – 0.6 m to 4.3 m average thickness
- Limonite Horizon (red and yellow types) – 7.5 m to 11.6 m average thickness
- Transition Horizon (upper plastic, green and brown types depending on the ratio of nontronite, goethite and manganese minerals) – 3.2 m to 6.3 m average thickness
- Saprolite Horizon (earthy, rocky and silicified types) – 5.2 m to 10 m average thickness.

The mineralogy of the main mineralised horizons is provided in Figure 1.5.

Eighteen nickel laterite targets are located in the Araguaia Project, with mineral resources estimated for fourteen deposits. Of these, seven are sufficiently drilled and sampled to permit the declaration of Indicated Mineral Resources, and these are the basis for the PFS.

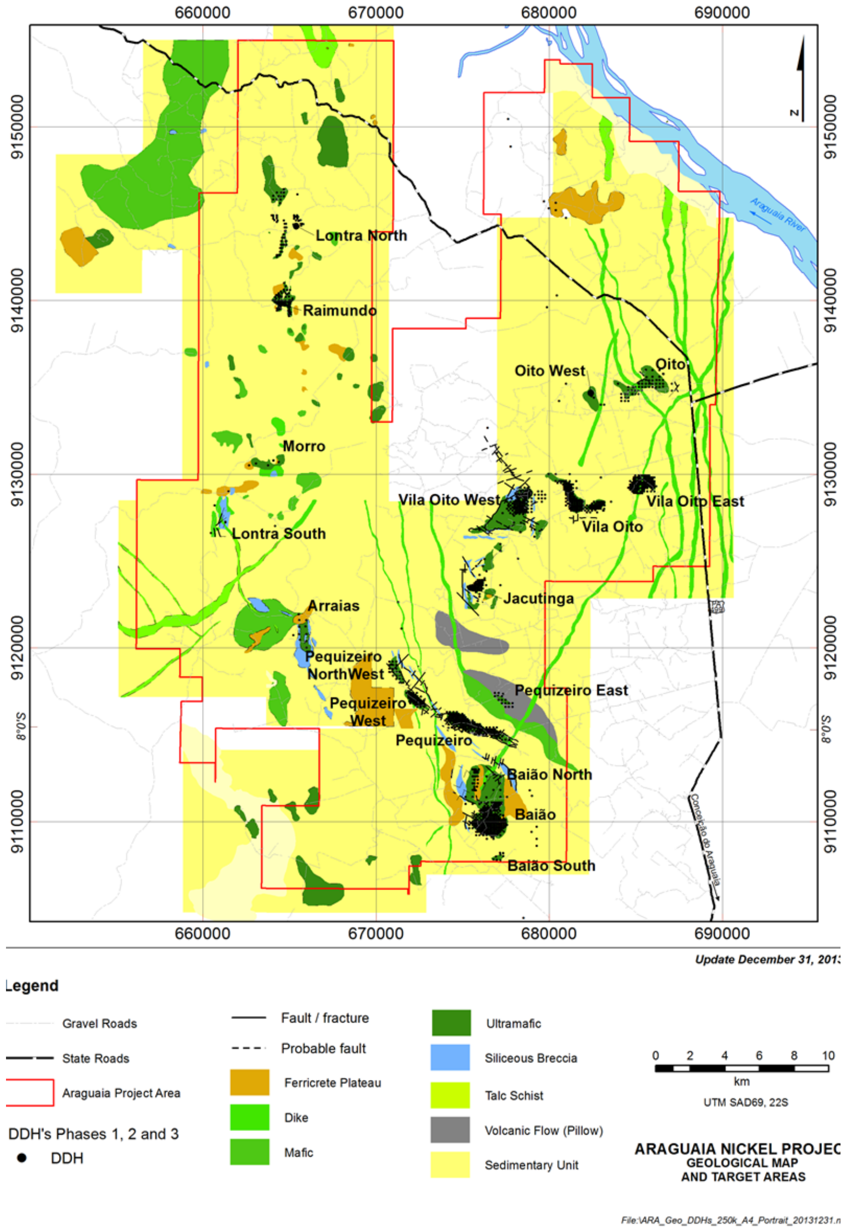
From North to South, the seven PFS deposits are: Vila Oito East (VOE); Vila Oito (VOI); Vila Oito West (VOW); Jacutinga (JAC); Pequizeiro West (PQW); Pequizeiro (PQZ), and Baião (BAI) identified in Figure 1.6.

Figure 1.5 Mineralogical distribution in the principal mineralised horizons



Source: SGS 2011

Figure 1.6 Simplified geology map



Source: Horizonte, 2013

Drilling

Diamond core drilling programmes undertaken by Teck and Horizonte totalling 1,120 drillholes for a total length of 29.1 km are the basis for mineral resource estimates for the PFS. Auger drilling and reverse circulation ("**RC**") drilling has also been undertaken for exploration purposes however data from these has not been used for mineral resource estimates.

First pass irregular spaced exploratory RC drilling was undertaken by Teck between September and November 2006 to test nickel in soil geochemical, airborne geophysical anomalies and identified target areas.

Following positive results from the RC drill programmes, 400 m x 400 m spaced diamond drilling took place at the Baião, Pequizeiro, Jacutinga, Vila Oito West, Vila Oito, Vila Oito East and Oito targets between April and November 2007.

Where preliminary results from drill core were positive, 200 m x 200 m spaced diamond drilling was undertaken. In November 2008, having completed the diamond drilling over selected targets, for a total of 489 holes and 11,404 m, Teck ceased exploration on the Araguaia Project.

In 2008, Horizonte initiated the first of three phases of a diamond drilling programme. In total 63 diamond drillholes were completed totalling 1,299.5 m to test the Northern and Raimundo Zone target anomalies. The programme consisted of 31 holes completed on the Northern anomaly; 31 holes completed on the Raimundo anomaly; and 1 exploratory hole on the Southern anomaly.

Within the programme vertical holes were drilled to 15-25 m in depth, ensuring that the saprock-fresh rock interface was intersected. Drillhole spacing was as follows: on 400 m spaced lines with 80 m hole centres (for geological sections and interpretation); on 200 m x 200 m centres (for resource potential identification); and on 100 m x 100 m centres (in the Raimundo high grade zone for definition of grade variation).

In October 2010, Horizonte commenced a Phase 2 drilling programme on the combined Teck Araguaia and Horizonte Lontra licences. This phase of work comprised diamond core drilling to infill the previous drilling completed by Teck and Horizonte. From October 2010 to December 2011, Horizonte completed 539 drillholes for 13,261 m. To manage and support this programme more efficiently, an exploration office was established in Conceição do Araguaia in September 2010.

The drilling programme was designed to reduce the 200 m x 200 m Teck drilling grid to a 100 m x 100 m grid on the Pequizeiro and Baião targets. In addition the drill spacing was reduced to 141 m x 141 m on the Pequizeiro West and Vila Oito East targets and to approximately this same spacing on the Lontra North and Raimundo targets. Seven scout holes were completed at Lontra South.

At both Pequizeiro and Baião, a set of 25 holes was drilled on a 25 m x 25 m grid for geostatistical evaluation purposes. The resource drilling completed in September 2011 was specifically focused on converting the mineral resource estimate on the Pequizeiro and Baião targets to an indicated resource category in accordance with the JORC Code.

From September 2012 to April 2013, Horizonte conducted a Phase 3 mineral resource drilling programme. This programme was designed to complete infill drilling on 100 m x 100 m grids on the Jacutinga, Vila Oito West, Vila Oito, Vila Oito East and Pequizeiro West targets in order to convert Inferred resources to Indicated resource categories. 321 holes (9,309 m) were completed including 35 holes (1,186 m) on Jacutinga, 84 holes (1,669 m) on Vila Oito West, 133 holes (4,228 m) on Vila Oito, 44 holes (1,509 m) on Vila Oito East and 25 holes (717 m) on Pequizeiro West.

Table 1.1 provides a summary of diamond core drilling for the PFS.

Table 1.1 Summary of resource delineation drilling by Horizonte and Teck for PFS

Target	№	Metres drilled
Vila Oito West (VOW)	143	3,096.5
Vila Oito (VOI)	182	5,573.4
Vila Oito East (VOE)	127	3,901.7
Jacutinga (JAC)	59	1,720.9
Pequizeiro (PQZ)	219	6,114.9
Pequizeiro West (PQW)	60	1,626.0
Baião (BAI)	330	7,098.0
Total	1,120	29,131.4

Sample methodology and approach employed for the Horizonte drilling data is undertaken and verified by Snowden through several site visits.

Half split core samples, taken by Horizonte, are crushed and pulverised at SGS laboratory in Goiania and the resultant pulps analysed at SGS laboratory in Belo Horizonte using tetraborate fusion X-Ray Fluorescence. Full QA/QC procedures are implemented, including the insertion of standards, duplicates and blanks by Horizonte and checked by a programme of umpire assays on sample pulps by ACME laboratory, Vancouver.

Snowden's qualified person concluded that the sampling and analytical procedures are acceptable and that the resulting records are suitable for use in mineral resource estimation.

Mineral resource estimate

Mineral resource estimates are reported in Table 1.2. At a cut-off grade of 0.95% Ni, a total of 72 dry Mt at a grade of 1.33% Ni is defined as Indicated Mineral Resource and a further 25 dry Mt at a grade of 1.21% Ni is defined as Inferred Mineral Resource.

Mineral resources reported for the PFS deposits were prepared under the supervision of Mr. Andrew F. Ross.

Mineral resources for other deposits in the Araguaia Project area were prepared by Dr. Marc-Antoine Audet and were reported in Audet, M A, et al (2012). The other deposits are Pequizeiro NW, Oito Main, Lontra North and Raimundo for which Inferred Mineral Resources are reported. These other deposits were not considered in the PFS.

Table 1.2 Mineral Resources for Araguaia as at March 2014 by material type (0.95% Ni cut-off grade)

Araguaia	Category	Material type	Tonnage (kT)	Density (t/m3)	Contained Ni metal (t)	Ni (%)	Co (%)	Fe (%)	MgO (%)	SiO2 (%)	Al2O3 (%)	Cr2O3 (%)
Sub-total	Indicated	Limonite	11,560	1.35	137,790	1.19	0.127	36.50	2.76	19.45	9.48	2.61
Sub-total	Indicated	Transition	24,110	1.19	346,920	1.44	0.060	19.87	11.36	41.19	5.05	1.38
Sub-total	Indicated	Saprolite	36,310	1.32	473,960	1.31	0.034	11.82	23.67	42.27	3.62	0.85
Sub-total	Inferred	Limonite	8,830	1.34	100,310	1.14	0.097	35.85	3.94	19.77	9.48	1.78
Sub-total	Inferred	Transition	9,340	1.28	122,040	1.31	0.053	20.34	13.94	37.80	5.31	1.20
Sub-total	Inferred	Saprolite	7,190	1.41	84,370	1.18	0.033	12.07	23.92	41.46	4.16	0.80
TOTAL	Indicated	All	71,980	1.28	958,660	1.33	0.058	18.48	16.19	38.25	5.04	1.31
TOTAL	Inferred	All	25,350	1.34	306,730	1.21	0.063	23.40	13.29	32.56	6.43	1.29

Note: Totals may not add due to rounding. Mineral Resources are inclusive of Mineral Reserves

The PFS estimates were prepared in the following steps:

- data preparation
- geological interpretation and horizon modelling
- establishment of block models and definitions, with a block size of 25 m x 25 m x 2 m
- compositing of assay intervals
- exploratory data analysis and variography
- Ordinary Kriging estimation method.
- model validation
- calculation of dry density

- classification of estimates with respect to JORC (2012) guidelines
- resource tabulation and resource reporting.

Table 1.3 and Table 1.4 list Snowden's assessment of the criteria that were considered when classifying the 2013 Araguaia PFS resource estimates in accordance with the JORC Code (2012 edition) guidelines.

The resource classification scheme adopted by Snowden was based on the following:

- Mineralisation was classified as indicated where the drilling density was 100 mE by 100 mN (or less).
- Mineralisation delineated using a drilling density larger than 100 mE by 100 mN and up to about 150 m spacing was classified as inferred.
- Mineralisation delineated using sparse spacings was not classified.

For the other deposits not included in the PFS, mineral resources were estimated by Dr. Marc-Antoine Audet using block estimation by Inverse Distance at the power of 2 (ID2) interpolation methodologies on 25 m × 25 m × 2 m blocks.

Three-dimensional models for these deposits were created using surveyed holes. The models integrate the concept of geological horizons (limonite, transition and saprolite) to create a 3D block model. For each deposit, a surface geological constraining envelope was generated using drillhole data as well as information from geological mapping.

There are no mineral resource estimates for other prospects (Morro, Southern, Oito West and Pequizeiro East) due to insufficient drill sample information.

Table 1.3 JORC Code (2012) Table 1 Section 1 – Sampling techniques and data

Item	Comments
Sampling techniques	The data used for resource estimation is based on the logging and sampling of diamond core drilling (100% of the sample data).
Drilling techniques	The drilling was completed using vertical core holes. Vertical drillholes are appropriate given the strike and dip of the mineralisation.
Drill sample recovery	Horizonte has required the drilling contractor to redrill where recoveries were less than 85 %, thus ensuring the recoveries in the provided database are adequate.
Logging	Almost all of the geological information has been obtained by the logging of drill samples, and supplemented by surface geological mapping and interpretation of geophysical surveys. Logging of drillhole samples was done with sufficient detail to meet the requirements of resource estimation and mining studies, and in accordance with Horizonte Standard Operating Procedures.
Sub-sampling	Cores were sampled at 1 m intervals. Half split core samples are crushed and pulverised at SGS laboratory in Goiania and the resultant pulps analysed at SGS laboratory in Belo Horizonte using tetraborate fusion X-Ray Fluorescence. Full QA/QC procedures are implemented, including the insertion of standards, duplicates and blanks.
Quality of assay data and laboratory tests	Snowden's analysis of the QA/QC data (standards, blanks, duplicates) and assessment made by Horizonte did not identify any significant issues which could be material to the resource estimate.
Verification of sampling and assaying	Drilling from earlier phases was verified by independent Qualified Persons. In 2013, Horizonte dispatched 457 duplicate pulp samples to the ACME Laboratory in Canada for umpire check analyses. Original assay was completed by SGS in Brazil and the same analysis method (tetraborate fusion XRF) was applied at both laboratories. A reasonable level of accuracy has been demonstrated.
Location of data points	The Araguaia Project area is centred about the following co-ordinates: WGS 84 Latitude 07° 54' 9.0" South; UTM SAD 69 22S 9126200mN; and WGS 84 Longitude 49° 26' 1.8" West; UTM SAD 69 22S 672700mE. Collar locations were surveyed using a DGPS (precision +/- 10 cm) by Independent Licenced Surveyor. Elevation differences between drillhole collars and the supplied topography DTM were checked and eliminated by pressing the collars to the DTM.

Item	Comments
	No downhole surveys were collected for the drilling. Mitigating this issue to a large extent is the fact that most of the drilling consists of shallow vertical core holes and the drill rig alignment is checked by Horizonte staff prior to drilling.
Data spacing and distribution	Drilling was completed along a set of oriented sections. The drillhole spacing is essentially 100 m apart with two small areas on areas PQZ and BAI drilled to 25 m spacing for variogram analysis. These drillhole spacings are sufficient to establish the degree of geological and grade continuity necessary to support the resource classifications that were applied.
	The drilling was composited downhole using a 1.0 m interval which corresponds to the dominant assay interval.
Orientation of data in relation to geological structure	The location and orientation of the Araguaia drilling (vertical) is appropriate given the geometry and orientation (horizontal) of the laterite mineralisation.
Sample security	All sampling and data collection is handled by Horizonte personnel and the drill core is subsequently transferred into core boxes. Drill core is stored in a secure facility in Conceição do Araguaia. Sample security procedures are provided in Section 11.3 of the Technical Report. Pulp and crush rejects are returned after a 90 day period at SGS, pulp rejects are stored in cardboard boxes and crush rejects in large plastic boxes sequentially batch by batch also onsite.
Audits and reviews	The drilling database was reviewed by Snowden and sufficient cross-checks with assay certificates, drill core and logging, collar surveys were undertaken to confirm that the data is suitable for use in mineral resource estimation.

Table 1.4 JORC Code (2012) Table 1 Section 3 – Estimation and reporting of mineral resources

Item	Comments
Database integrity	The new Phase 3 drilling data was supplied to Snowden in Microsoft Excel spread sheets and then imported into an existing GEMS Project database by Snowden. Internal validation checks were made by Snowden and any discrepancies were corrected in consultation with Horizonte.
Geological interpretation	Snowden believes that the local geology is well understood as a result of work undertaken by Horizonte and Dr Marc-Antoine Audet in respect of chemical classification of rock types. The contacts between laterite horizons have been interpreted based on a combination of logging and geochemistry as described in Section 6 of the Technical Report. Alternative interpretations of the mineralisation are unlikely to significantly change the overall volume of the Horizons.
Dimensions	The Araguaia mineralisation estimated by Snowden consists of seven areas. Descriptions of the deposits are provided in Section 4.3 of the Technical Report. Maximum and average thickness of the laterite horizons are provided in Section 7.0 of the Technical Report.
Estimation and modelling techniques	Unfolded ordinary block kriging using hard boundary domains, with sub-celling to accurately reflect horizon contacts, was undertaken in Datamine software. The deposits have been estimated previously by Dr Marc-Antoine Audet in GEMS software using an unwrinkling approach.
Moisture	All tonnages have been estimated as dry tonnages.
Cut-off parameters	The nickel mineralisation was reported above a 0.95% nickel cut-off grade.
Mining factors and assumptions	It is assumed the deposits will be mined using open cut methods.
Metallurgical factors and assumptions	None. Metallurgical test work reported in Section 13 of the Technical Report indicates there is a reasonable prospect for metal recovery using current technologies.
Environmental factors or assumptions	These are discussed in Section 20 “Environmental Studies, permitting, and social or community impact” of the Technical Report.
Density	There are sufficient bulk density measurements (water displacement method) to relate major chemistry to density by linear regression. Block estimates of dry density were calculated from block grade estimates.
Classification	The resources have been classified based on continuity of both the geology and the nickel grade along with the drillhole spacing. Additionally the information summarised in this table has been used to support the resource classification categories of Indicated and Inferred.
Audits and reviews	The Snowden models compiled in 2013 have not been independently reviewed in detail but have been discussed with Horizonte’s technical advisor, Mr F R Billington.
Accuracy and confidence	The resource was classified by taking into consideration the confidence in the continuity of nickel grades and the confidence in the geological interpretation.

Mining

Seven mining pits were identified through a process of pit optimisation using costs, and process recoveries. All seven pits were designed through a standard process of pit optimisation, waste dump design and pit design.

The pit design used smoothed pit shells from the pit optimisation and altered for the removal of small satellite pits. This was deemed by Snowden to be appropriate for pits with no ramp requirements. It is likely that the actual pit floor will be dictated by operating conditions as they are mined, although the quantities mined from each will be similar to those calculated by Snowden in this study.

Feedback from all relevant stakeholders was used to determine a waste disposal concept for each pit, including both ex-pit and in-pit options. After calculating the volumes of each waste type waste dumps were designed to contain this material and minimise required haulage distances as much as possible.

The Araguaia Project was scheduled on the basis of panels. A total of 43 panels for the Araguaia Project were designed and scheduled. Within each panel, a number of "bins" are generated on the basis of rock type and nickel grade. The production schedule was completed in quarterly increments over the life of the Araguaia Project.

A number of processing constraints were applied to the schedule which included a 13 month processing feed quantity ramp up period, and specific process feed grade constraints throughout the life of the Araguaia Project:

- Fe grade between 15.0% and 16.5%
- Al2O3 grade between 4.0% and 5.5%
- SiO2/MgO ratio between 2.2 and 2.6.

Each of the deposits is proposed to be mined with typical truck and excavator mining. Although the primary fleet requirement changes throughout the life of the Araguaia Project a typical configuration is 6 x 48 t operating weight ("**OW**") excavators, 3 x 50 t OW front end loaders, 17 x 40 t rated payload ("**RP**") articulated off-highway trucks and 2 x 30 t RP on-highway trucks for longer inter-pit haulage. This fleet is supported by the usual array of support and ancillary equipment.

Grade and mineralogy will be closely monitored in the mining process using close spaced grade control drilling ahead of mining.

Mineral reserve estimate

The estimation of Mineral Reserves used estimates of Indicated Mineral Resources for the Araguaia Project as reported in Table 1.2.

A Mineral Reserve estimate of 21.2 kt (dry) at an average grade of 1.66% Ni was estimated. The detailed breakdown of the Mineral Reserve by deposit is presented in Table 1.5.

Table 1.5 March 2014 Mineral Reserve estimate

Class	Deposit	Ore Dry Mass (kt)	Ni (%)	Fe (%)	Al2O3 (%)	SiO2/MgO
Probable	Baião	3,500	1.67	17.41	4.58	2.56
Probable	Pequizeiro	9,300	1.70	15.58	5.39	2.56
Probable	Pequizeiro West	380	1.57	20.38	4.63	4.29
Probable	Jacutinga	960	1.81	15.13	2.96	2.11
Probable	Vila Oito East	2,450	1.55	15.97	3.73	2.22
Probable	Vila Oito	3,580	1.63	14.61	3.63	2.05
Probable	Vila Oito West	1,020	1.59	19.35	4.25	3.32
Total Probable		21,200	1.66	16.01	4.59	2.44
Proven		NIL	N/A	N/A	N/A	N/A
Total Proven and Probable		21,200	1.66	16.01	4.59	2.44

Metallurgical testwork

From late 2011 to 2013, Horizonte contracted various organisations and metallurgical laboratories to conduct metallurgical testwork on material from the Araguaia Project. The testwork was aimed at providing design data for the preferred processing option, a typical RKEF installation, designed to treat lateritic nickel ore containing between 1.4% and 1.9% Ni and producing a final refined Fe-Ni product containing between 18% and 22% Ni.

The main testwork included:

- Agglomeration testwork by Feeco International
- Laboratory based tests by Xstrata Process Support
- Slag chemistry testwork and simulations by Kingston Process Metallurgy
- Liquidus measurements of Fe-Ni slag by Kingston Process Metallurgy
- Evaluation by FL Smidth Inc.
- Screening study for ore smelting by Hatch Ltd.

The testwork was carried out with a view to establishing both the feasibility of applying the RKEF process to Araguaia ore, and subsequently, determining the main RKEF parameters. Based on this testwork, it was found that Araguaia ore is suited to processing by RKEF; a target Ni grade in Fe-Ni of 20% Ni was considered (range 18 to 22% Ni).

Prior testwork

During earlier stages of the Araguaia Project hydrometallurgical testwork was conducted, with two approaches reviewed:

- Atmospheric tank leach
- Bottle roll tests to simulate heap leaching.

Sulphuric acid was selected for both types of leaching tests. Acid consumption was high and these options were not further pursued after the initial testwork was completed.

Agglomeration testwork – Feeco International

A number of agglomeration tests were run in the pilot rotary agglomerator at Feeco International using a 51% transition to 49% saprolite blend. The objectives of the tests were to observe the agglomeration behaviour of the as-received ore (nominally 38% moisture content). The three variables that were changed in the tests were:

- feed rate
- drum rotational speed
- with and without a liner and lifters inside the drum.

During the testwork it was visually observed that agglomerates were reasonably competent and that fines were generally contained within the agglomerates.

The drop test demonstrated good resilience of the agglomerated particles to breaking during the test. The round particles did however deform into flat disks during the tests.

Particle size distribution ranged from approximately 3 mm to 25 mm. Agglomerated particles did tend to break up during exposure to water in a flat tray, however, it was observed that the feed material tended to break up faster than the agglomerated particles.

The rotary action of the drum (which resembled the action of the kiln dryer) was generally able to produce balled or agglomerated material from as-received wet laterite ore over a range of feed rates and drum revolving speeds and independently of whether the liner was in place or not.

Sample characterisation and smelting tests – Xstrata Process Support (XPS)

XPS first performed a series of sample characterization tests which included moisture measurements (free and crystalline), particle size analyses and chemical assays of the ore and calcine samples. Subsequently a series of smelting tests were conducted at elevated temperature (1520 ^{o}C). At the end of each smelting test, the products, Fe-Ni alloy and slag, were collected and weighed. The alloy and slag samples were submitted for chemical analyses. As a part of the study, the potential recovery of Ni was also estimated based upon small scale batch tests.

Preliminary heat and mass balance calculations were also performed, estimating energy requirements of the process and were used to generate a simplified flow sheet. The flow sheet included steps such as feed preparation, drying, calcining and smelting.

The results of the study are summarized as follows:

- Particle size analyses indicated that due to the fineness of the ore material handling challenges are to be expected, particularly during wet weather.
- Blending of the feed will be necessary to achieve optimum Fe/Ni ratios in the ore feed. The feed preparation step can also be tailored towards the production of Fe-Ni alloy or matte as the final products.
- Preliminary batch smelting tests were conducted at 1520 ^{o}C on three ore samples, targeting an alloy grade of 30 wt% in each case. The tests were successful in producing this grade of alloy for two of the samples. Similarly, the series of smelting tests with specific ore blend ratios with varying Fe/Ni ratios were also successful, with the Fe-Ni grades obtained in the tests varying from 14% Ni to 53% Ni.
- Smelting tests were performed adding sulphur in order to generate matte as the final product. The liquidus temperature of the resulting matte phase was also predicted with thermo-chemical calculations.
- The possibility of utilizing the sensible heat and chemical reduction potential of the off-gas from the smelting step opens up a number of flow sheet options which could be explored.
- Extensive thermo-chemical modelling was performed predicting the liquidus temperatures of all possible phases. Based upon preliminary heat and mass balance calculations, a basic flow sheet was developed to treat the deposits.
- The basic flow sheet proposed can be further optimized to reduce the fuel and reductant consumptions. Opportunities for energy savings were also identified and could include technologies such as flash drying, fluidized bed calcination, hot calcine charging and DC smelting.
- The testwork demonstrated that the SiO2/MgO ratio has a significant impact on the slag liquidus temperature.

On review of the XPS report, IGEO expressed concerns regarding some of the data quoted in the report which could impact on process design criteria such as energy requirements and hence the associated operating costs. These concerns were clarified with Horizonte prior to completion of the process design.

Slag chemistry testwork and simulations – Kingston Process Metallurgy (KPM)

Simulations conducted by KPM, using FACT$_{®}$, indicated that XPS results were in close agreement with the thermodynamic calculations. The coke consumption in the electric furnace was calculated to range between 3% and 5% of feed depending on the ore blend and also the level of pre-reduction of the calcine.

Horizonte also requested optimised conditions for smelting calcine produced by a blend of 13.7% limonite, 43.8% transition and 42.5% saprolite when producing a 25% Ni alloy in the electric furnace. $FACT_{®}$ simulations were conducted to test these conditions.

KPM also performed a number of $FACT_{®}$ calculations regarding the slag chemistry aimed at:

- simulating the results of selected laboratory smelting tests carried out at XPS
- evaluating the smelting of a different laterite blend proposed by Horizonte.

Results indicated that:

- XPS experimental results are in close agreement with the thermodynamic calculations performed in this study.

The new blend proposed for the Araguaia laterites brings a challenge and an opportunity in the smelting of this ore by providing a low melting point slag, which will allow operating the electric furnace at lower temperatures. However, the higher superheat required to maintain the metal as liquid will impact on furnace design.

The alumina content of the slag (~7% wt) also favours a low slag liquidus temperature. The soluble Ni in slag should be under 0.05% Ni and the remainder would be in the form of entrained alloy droplets. Total losses are expected to be at nearly 0.15% when compared to similar operations.

KPM sees no major technical constraint in smelting this type of blend in an electric furnace, provided that a careful furnace design is taken into account.

Slag liquidus temperatures - KPM

KPM also measured slag liquidus temperatures for a Fe-Ni smelting process during a separate testwork project, using differential thermal analysis combined with thermo-gravimetry (TGA/DTA). Synthetic slag was used in a TGA/DTA unit under argon to ensure that the composition was accurate and to prevent oxidation of FeO. In all, six different slag compositions were studied to determine the influence of alumina (Al2O3) concentration and silica/magnesia (SiO2/MgO) ratio on the liquidus temperatures.

The liquidus increased from 1,368 ^{o}C to 1,405 ^{o}C when the SiO2/MgO ratio was decreased from 2.7 to 2.3. A significant decrease in liquidus (1,431 °C to 1,383 °C) was found when the alumina concentration was increased from 4.00 % to 7.36 %. The liquidus temperatures measured experimentally followed the same trend as the projected ($FACT_{®}$) values but were consistently lower by 10 ^{o}C to 20 ^{o}C.

Measurement of physical and chemical ore properties – FL Smidth (FLS)

A laboratory study was performed by FLS during 2012 to evaluate the physical and chemical properties of two nickel laterite ore blends.

- Mix 1: 51% Transition and 49% Saprolite
- Mix 2: 14% Limonite, 44% Transition and 42% Saprolite.

The samples were analysed to determine free moisture content, bulk density, angle of repose, particle size distribution, drying curves and particle degradation (tumble testing). From the testwork FLS concluded the following:

- The Araguaia ore is characterized by a very fine natural particle size. The fine particles demonstrate binding properties similar to clays when dried, thereby yielding relatively hard agglomerates resistant to significant degradation and dusting.

- The onset of particle sintering is 50°C to 100°C lower than many lateritic ores evaluated by FLS. This suggests a limited achievable calcine temperature of 800 to 825 °C during rotary kiln processing, which will also limit the degree of iron pre-reduction that can be obtained. For equipment design purposes IGEO have considered target of 850 ^{o}C for the kiln discharge and 825 ^{o}C for calcine feed to the furnace.
- The use of 10% Ni and 60% Fe pre-reduction targets for commercial Fe-Ni line design were proposed. Pilot rotary kiln testing was recommended. For design purposes, IGEO have considered pre-reduction of 20% for Ni and 70% for Fe.
- Briquetting appears to be a viable option for producing an agglomerated feed suitable for kiln processing to yield a granule calcine with acceptable dusting rates.
- Rotary drum agglomeration demonstrated the production of agglomerates resistant to fines generation during tumbling.
- The results of this laboratory study suggest that the Araguaia ore is suited for rotary kiln processing in an RKEF system provided that proper agglomeration provisions are adapted and that lower calcine temperature and pre-reduction levels are considered in the electric furnace design.
- Larger scale pilot testing was recommended to confirm the conclusions of this study.

Smelting testwork review

Slag Characteristics – Key factors

- The combined impact of the ratio SiO2/MgO, FeO and Al2O3 contents of the slag on the liquidus temperatures and the viscosity of the slags.
- The impact of impurities, particularly carbon and silicon, on the liquidus temperatures and viscosity of the metal.
- The impact of the issues in 1 and 2 above can be affected/controlled to varying degrees by controlling the degree of reduction of Fe effected during the smelting process.
- Slag foaming can occur with viscous slags and silica and alumina play significant roles in this. Such foaming is likely to increase nickel losses into the slag.
- The degree of iron reduction dictates the grade of nickel to be achieved in the final metal product as well the silicon and carbon content of the metal.
- At the SiO2/MgO ratio of 2.29 and the FeO and Al2O3 content anticipated in the Araguaia slags, the liquidus temperatures can be significantly depressed. However, minimum tapping temperatures of both metal and slag must be attained to ensure fluidity.

Metal Liquidus Temperature

- The XPS report considered the binary Fe-Ni system only and reported temperatures above 1,500 ^{o}C. KPM did not include the effects of residual C, Si and S on the alloy and reported a metal liquidus temperature of 1,479 ^{o}C.
- 50% iron reduction (with respect to Fe/Ni ratio) is required to get substantial amounts of C and Si into the metal. These elements have an important influence on the metal liquidus temperature. Reduction of over 50% would result in high C, Si and Cr in the metal and a liquidus temperature of 1,250 ^{o}C to 1,350 ^{o}C. A reduction of over 50% would result in a Fe-Ni grade of 15%.
- Introduction of sulphur into the metal could be used to reduce the metal liquidus temperature. This will require further treatment methods of the matte and was therefore not considered for the PFS phase of the Araguaia Project.

Process design and recovery

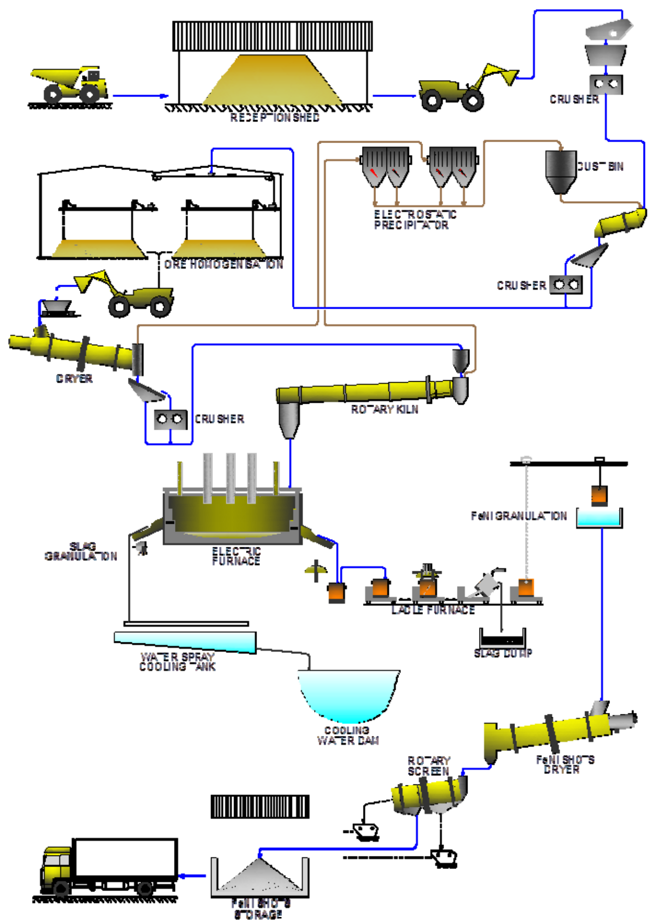
Process selection

As part of the metallurgical testwork, both pyrometallurgical and hydrometallurgical test work was undertaken. This testwork subsequently confirmed the preferred suitability of the conventional RKEF process for the treatment of the Araguaia ore to produce Fe-Ni and this process was adopted for the PFS by Horizonte.

Process description

Although two throughput options were considered during the PFS, the preferred base case is a single line RKEF installation for 0.9 Mtpa (dry) ore, producing approximately 15,000 tpa nickel as Fe-Ni. The overall process flow block diagram shown in Figure 1.7 summarises the various processing stages of the proposed project.

Figure 1.7 The Araguaia Project process flow block diagram



The initial process stages encompass ore preparation, where the ore is sized to match the subsequent metallurgical process requirements. Kiln dust is recycled to the process before the secondary crushing stage. The ore is then homogenized, partially dried and fed to the kiln with the addition of a reductant material. In the kiln, the ore is completely dried and calcined to remove chemically combined moisture, and partially pre-reduced. Calcine is transferred into an electric furnace for the separation of the metal and slag at high temperatures. The metal is conveyed in ladles to the refining stage. The refining oxidized slag is granulated with water, while the reducing slag is transported molten and disposed of in a specific site. The final Fe-Ni product is granulated with water, screened, dried and stockpiled prior to dispatch to the market. The process design criteria (PDC) are outlined in Table 1.6.

Table 1.6 Summarised key process design criteria

Item	Unit	Value
Plant throughput	Mtpa (dry)	0.9
Moisture content	%	30
Coal consumption in rotary kiln	dry kg/dry t ore	76.4
Coal consumption in dryer	kg/wet t ore	13.6
Design Ore grade	% Ni	1.8
Overall Ni recovery	% Ni	93
Ni production at design grade	tpa	15,067
RKEF combined availability	%	90
Furnace power	MW	50
Furnace energy consumption	kWh/ t calcine	511
Ni grade in metal	% Ni	20.0
Refinery		Ladle furnace
Final product		Granulated Fe-Ni

Project infrastructure

The Araguaia Project will comprise the following infrastructure:

- Slag dump
- Port facilitation
- Rail
- Roads (access, trunk and ancillary)
- Process facilities
- Ancillary buildings (administration, workshops, ablutions, etc.)
- Power distribution system
- Cooling water dam
- Coal storage facility
- Water acquisition, storage and distribution systems
- Fuel storage
- Communications
- Fire systems.

The Araguaia Project is supported by existing infrastructure including a network of Federal highways and roads. In addition, the existing port city of São Luís provides the primary supply chain facility for in-bound and out-bound logistics for bulk material handling of coal and potentially Fe-Ni product.

Further details are found in Section 18 of the Technical Report.

Execution plan

A two year construction period has been estimated.

A ramp up schedule is shown in Table 1.7. Based on this tonnage, the first year of production will be approximately 50% of the design capacity and will be increased gradually over the first 10 months of production to 100% of the nominal design tonnage of 0.9 Mtpa.

Table 1.7 Proposed process plant ramp-up

ARAGUAIA NICKEL PROJECT				
Preliminary Process Plant Ramp-up for Mining Studies - Base Case				
Year	Month	One Process Line - 0.900M dmt ore per year		
		Tonnage % of Nominal	Ni Recovery Actual %	Ni Produced % of Ni Input
1	1	50	45	22.5
	2	55	65	35.8
	3	60	75	45.0
	4	69	78	53.8
	5	76	81	61.6
	6	83	83	68.9
	7	87	85	74.0
	8	90	87	78.3
	9	93	88	81.8
	10	95	90	85.5
	11	100	90	90.0
	12	100	93	93.0
2	13	100	93	93.0
	14	100	93	93.0
	15	100	93	93.0
	16	100	93	93.0
	17	100	93	93.0
	18	100	93	93.0
	19	100	93	93.0
	20	100	93	93.0
	21	100	93	93.0
	22	100	93	93.0
	23	100	93	93.0
	24	100	93	93.0

Notes: 1) Nominal plant feed 900 ktpa dry ore
2) Ni production = % of Ni input in ROM ore

Capital cost

All dollar values used in the Technical Report are United States dollars.

The capital costs are discussed in detail in Section 21 of the Technical Report.

The base case for this study assumes an ore processing rate of 0.9 Mtpa after an initial ramp up period. The ore processing methodology is the pyro-metallurgical conversion of a nickel bearing laterite ore into a Fe-Ni product using the RKEF process that will be sold at the mine gate.

The pre-production capital costs in t have been allocated 30% in year 1 and 70% in year 2 of the 2 years of construction. Deposits will be required on the high value long lead items in year 1 and the balance will be required in year 2.

The pre-production capital costs are shown in Table 1.8 and the production capital costs are shown in Table 1.9.

Table 1.8 Pre-production capital costs

Item	US$ million
Plant direct	376.088
Plant indirect	38.206
Owners costs	18.313
Infrastructure	56.034
Slag storage facility	5.242

Item	US$ million
Social	6.000
Mining	5.000
Contingency at 15%	76.092
First fills and spares	1.200
Total pre-production capital costs	582.176

Table 1.9 Production capital costs

Item	US$ million
Mining & plant Sustaining	43.313
Closure (2 Years)	20.000
Total Production Capex	63.313
Salvage	1.400

Operating cost

The operating costs, royalties and taxation are shown in Table 1.10 below and are discussed in detail in Section 21 of the Technical Report.

The base case assumes a contractor for mining and ore haulage to the plant.

Table 1.10 LOM operating costs

Item	US$ million	US$/tonne
Mining (contractor)	552.998	26.08
Processing	2,641.667	124.57
Off-site overheads	99.000	4.67
Total operating costs	3,293.665	155.32

Royalties (CFEM)

The calculation for royalties is discussed in detail in Section 21 of the Technical Report.

The calculation of the Compensation for Exploitation of Mineral Resources ("**CFEM**") is carried out using the accumulated cost of production as a deduction up to the point the ore has no physico-chemical modification.

In the case of a pyro metallurgical project such as the Araguaia Project the calculation of the CFEM encompasses the following costs: mining, stockpiling, crushing, coal preparation, administration, maintenance and some environmental costs up to and including calcining. The addition of all these costs gives a value that will be multiplied by 2%. The CFEM payable is shown in Table 1.11.

Table 1.11 Royalties

Item	US$ million
Royalty	43.301

Taxation

The taxation regime in Brazil is discussed in detail in Section 21 of the Technical Report.

The taxation regime uses a taxation rate of 15.25% of the taxable income for the initial 10 years of production after which the rate is increased to 34% of the taxable income. The taxable income is calculated after deducting all operating expenses and depreciation of capital items.

Depreciation is calculated on a straight line method over 10 years. For the Araguaia Project, an initial value of US$15 million was allowed for previous expenditure not deducted. The taxation payable is shown in Table 1.12 below.

Table 1.12 Taxation

Item	US$ million
Taxation	668.051

Economic evaluation

Several cases were studied to identify the financial implications to the Araguaia Project. From the results of these studies the base case was chosen to present in detail for the Technical Report. The basis of the studies and the reasons for choosing the base case are discussed in more detail in Section 22 of the Technical Report.

Snowden prepared an economic cashflow and financial analysis model based on inputs from mining and processing schedules as well as capital and operating cost estimates including royalties for the base case. The model was prepared from mining schedules estimated on a quarterly basis for the first 4 years of production and then annually for the remaining project life. All inputs are consolidated annually in the Technical Report.

The following Table 1.13 and Table 1.14 provide the project headline results before and after taxation (Table 1.15). After a review of a consensus opinion and historical prices, the Ni price used is US$19,000 per tonne and the Fe price is US$150 per tonne. Both are flat for the life of the Araguaia Project. Base case KPI before taxation provides a summary of the Araguaia Project KPI's as shown in Table 1.15.

Table 1.13 Base case economic model headline results before taxation

Item	Unit	Value
Net Cashflow	US$M	2,433.933
NPV_8	US$M	730.067
IRR	%	22
Production payback period	years	4.1

Table 1.14 Base case economic model headline results after taxation

Item	Unit	Value
Net Cashflow	US$M	1,765.882
NPV_8	US$M	519.233
IRR	%	20
Production year payback	years	4.4

Table 1.15 Base case KPI before taxation

Item	Unit	Value
Value of product sold	US$/t ore	302.58
Cash cost	US$/t ore	157.36
Total cost	US$/t ore	187.80
Production year payback	years	4.1
Prorata cash cost	US$/lb Ni	4.48
Prorata cash cost	US$/t Ni	9,883

Item	Unit	Value
Prorata total cost	US$/lb Ni	5.35
Prorata total cost	US$/t Ni	11,795
Brooke Hunt methodology C1 cost	US$/lb Ni	4.16
Brooke Hunt methodology C1 cost	US$/t Ni	9,166

Summary of the Araguaia Project risks

A full risk assessment was conducted as part of the PFS.

A detailed examination of the actions associated with each of the risks and opportunities identified suggests that there are five common themes prevailing, as are described below:

1. The management and technical competency theme relates to the technical knowledge, ability and willingness of potential employees (management and workforce) to commission and maintain a complex nickel plant with high tolerances in terms of throughput, control and instrumentation and maintenance.

2. The complexity theme relates to the mineability and treatability of nickel laterites which is inherent.

3. The data theme covers timely data acquisition that is sufficiently well scoped that it covers all later needs. The PFS has identified a number of data and information requirements which need to be satisfied before commencing a feasibility study.

4. The water theme relates to the mine being in a part of the world exposed to seasonal variations of heavy rainfall and drought which poses subsequent design requirements in terms of controlling moisture within excavated material (ore or waste), productivity aspects relating to excavation, together with potential inundation.

5. The tenure and licencing theme relates delays of permitting caused by delays in approval of various permits and key documentation. There is an inherent need to ensure advanced planning of key documentation for permits and permissions and close engagement by Horizonte with the relevant authorities.

Conclusions and recommendations

Conclusions

The Araguaia Project has been investigated at a PFS level and the Technical Report provides a summary of the results and findings from each major area of investigation and study. The Technical Report has drawn from a PFS engineering study in support of the Technical Report which have been detailed as Applicable Documents. Each section of the Technical Report describes in more detail the results of the various investigations and studies along with principal findings and appropriate discussions of significant risks that may have been identified during the PFS as well as conclusions and recommendations for further study.

Based on the accumulative findings from the various technical areas of the PFS, the economic analysis performed shows the Araguaia Project to have merit and be worthy of additional detailed investigations.

The next step for the Araguaia Project will be further engineering and geoscientific evaluation to advance the Araguaia Project to feasibility study level.

A more detailed discussion of conclusions, relating to the PFS, is provided in Section 25 of the Technical Report.

Recommendations

Snowden recommends that Horizonte takes the Araguaia Project into a feasibility study to increase engineering definition and therefore improve the cost and economic accuracy for the Araguaia Project.

Recommendations have been made for subsequent detailed metallurgical testwork for the feasibility study stage of the Araguaia Project. Such testwork is designed to provide additional confirmatory technical data and efficiency factors for the process design.

The mining of nickel laterites is well understood and has unique requirements and challenges. It is recommended that subsequent studies consider refining productivity and operational flexibility in earthmoving machinery to maximise the reserve potential.

Recommendations have been made from the social and environmental perspective including a listing of required permits and studies to enable the Araguaia Project to proceed.

All recommendations are detailed in Section 26 of the Technical Report.

Project Development

The Corporation's near term focus for the Araguaia Project is to advance the project into a feasibility study in the second half of 2014. This will include:

- Infill drilling to define a Measured Resource. This will involve the closing of the drill spacing in selected areas to 50 m x 50 m spacing with limited areas of 25 m x 25 m spacing in areas of geological complexity.
- Trial mining across the full laterite profile together with test pits to access the correlation of the in-situ grade and geological continuity to the resource model.
- Collection of a ~100 tonne (dry) blended bulk sample representative of the planned plant feed. This program will be coordinated with the trial mining.
- Metallurgical large-scale pilot plant testing (calcinations and smelting) using the 100 tonne bulk sample. The work will be designed to confirm correlations in key data such as Fe-Ni ratio in ore against nickel recovery in smelting.
- Completion of the SEIA including baseline specialist studies (resettlement, fauna, heritage) combined with work to obtain the mining license permit with further stakeholder engagement as appropriate.
- Detailed engineering, logistics and infrastructure studies.

CONSOLIDATED CAPITALIZATION

The material changes in the share and loan capital of the Corporation, on a consolidated basis, since the date of the Interim Financial Statements are set forth below. The table should be read in conjunction with the Interim Financial Statements, including the notes thereto and the Interim MD&A. See "Documents Incorporated by Reference".

	As at March 31, 2014 before giving effect to the Offering and Concurrent Private Placement(1) (£ unaudited)	**As at March 31, 2014 after giving effect to the Offering and Concurrent Private Placement(1)(2)(3) (£ unaudited)**
Cash and cash equivalents	£2,334,463	£7,420,405
Liabilities:		
Non-current liabilities	£4,516,717	£4,516,717
Current liabilities	£124,410	£124,410

	As at March 31, 2014 before giving effect to the Offering and Concurrent Private Placement(1) (£ unaudited)	As at March 31, 2014 after giving effect to the Offering and Concurrent Private Placement(1)(2)(3) (£ unaudited)
Shareholders' equity:		
Share capital	£4,011,395	£4,924,271(4)(5)
(unlimited authorized)	(401,139,497 Ordinary Shares)	(492,427,105 Ordinary Shares)(4)(5)
Share premium	£26,997,998	£31,173,014
Accumulated losses	£(8,317,282)	£(8,317,282)
Other reserves	£2,047,524	£2,047,524
Total equity	£24,739,635	£29,827,527

Notes:

(1) The March 31, 2014 figures set out in the Interim Financial Statements and the material changes in the share and loan capital of the Corporation since the date of the Interim Financial Statements (other than those relating to the Offering) are reported in British pound sterling.

(2) The financial information relating to the Offering has been converted from Canadian dollars to British pound sterling based on the noon exchange rate on July 18, 2014, as reported by the Bank of Canada, of $1.00:£1.8344.

(3) After deducting the Commission of $385,000 (assuming no exercise of the Over-Allotment Option) and the estimated expenses of the Offering of $255,000 and of the Concurrent Private Placement of £40,500.

(4) £4,999,271 and 499,927,105 Ordinary Shares if the Over-Allotment Option is exercised in full. No additional Ordinary Shares have been issued by the Corporation following March 31, 2014. As of the date of this short form prospectus, the Corporation had a total of 401,139,497 Ordinary Shares outstanding.

(5) Since March 31, 2014, 14,450,000 stock options have been issued, no stock options have been exercised or cancelled, and 2,010,000 stock options have been forfeited. As of the date of this short form prospectus, the Corporation had a total of 38,300,000 stock options outstanding.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering will be approximately $4,860,000 (or if only the Minimum Offering is reached, approximately $4,395,000), or approximately $5,627,250 if the Over-Allotment Option is exercised in full (and if only the Minimum Offering is reached, approximately $5,092,500), after deducting the Agent's Fee and the estimated expenses of the Offering of $255,000, which will be paid out of the proceeds of the Offering. The net proceeds to the Corporation from the Concurrent Private Placement will be approximately $4,480,000. The net proceeds from the Offering, together with the net proceeds from the Concurrent Private Placement, will be approximately $9,340,000 assuming the Over-Allotment Option is not exercised (or if only the Minimum Offering is reached, approximately $8,875,000), and are anticipated to be used by the Corporation to fund the development of the Araguaia Project and for general working capital and corporate purposes, as follows:

Objective	Net Proceeds
Resource in-fill drilling and bulk sampling	$5,300,000
Undertake large scale continuous pilot plant tests on Araguaia ore	$1,245,000
Advance the Araguaia Project into the feasibility stage	$1,815,000
General working capital and corporate purposes	$980,000
TOTAL	$9,340,000

The Corporation intends to use the net proceeds of the Offering, as allocated above. finnCap, the Corporation's placing agent in the Concurrent Private Placement, has obtained commitment letters from purchasers in the Concurrent Private Placement in respect of their subscriptions, and closing of the Concurrent Private Placement is expected to occur immediately following the Closing Date. See “Plan of Distribution”.

Approximately $5,300,000 of the net proceeds of the Offering is currently allocated to resource in-fill drilling and bulk sampling. The drilling and sampling is aimed at increasing the quantity of Measured Resources and assessing the mining conditions, together with provision of a bulk sample for pilot plant testing.

Approximately $1,245,000 of the net proceeds of the Offering is currently allocated to undertake large scale continuous pilot plant tests on Araguaia ore. The tests are aimed at confirming the conclusions on metallurgy from the PFS, thereby further de-risking the Araguaia Project.

Approximately $1,815,000 of the net proceeds of the Offering is currently allocated to prepare the feasibility study on the Araguaia Project.

Approximately $1,000,000 of the net proceeds of the Offering is currently allocated to general working capital and corporate purposes. If only the Minimum Offering is reached, any shortfall in net proceeds of the Offering will be deducted from general working capital and corporate purposes. The Corporation expects that any such deduction would not impact its ability to meet its working capital requirements, as it currently has sufficient cash and cash equivalents on hand that it may deploy to fund such working capital requirements over the next 12 months.

David Hall, BSc, MSc, Fellow SEG PGeo, Chairman of Horizonte is the qualified person, within the meaning of NI 43-101, who has reviewed and confirmed the above-noted use of net proceeds allocations as reasonable. See “Interest of Experts”.

The Corporation currently intends to spend the funds available as stated in this short form prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. Any reallocation of funds may vary materially from that set forth above. While actual expenditures may differ from the above amounts and allocations, the net proceeds will be used by the Corporation in furtherance of its business and for general working capital and corporate purposes. See “Risk Factors”.

Pending use of the net proceeds, the funds will be invested in a business investment savings account and may be invested in other quality short-term investments at the discretion of management of the Corporation.

If the Over-Allotment Option is exercised in full, the Corporation will receive additional net proceeds of $767,250 (and if only the Minimum Offering is reached, $697,500), after deducting the Agent’s Fee payable in connection with the exercise of the Over-Allotment Option. The net proceeds from the exercise of the Over-Allotment Option, if any, will be used for general working capital and corporate purposes.

As discussed above, the net proceeds from the Offering will be used to fund the growth objectives of the Corporation through advancing the Araguaia Project. Although the timing of obtaining these objectives is uncertain and there are a number of factors that remain out of the control of the Corporation, including commodity prices, among others, the Corporation’s present intention is to utilize the proceeds from the Offering within 12 to 18 months from the closing of the Offering.

The Corporation had negative cash flow of approximately £2,777,092 for the year ended December 31, 2013. To the extent that the Corporation has negative cash flow in future periods, the Corporation may need to deploy a portion of its cash reserves to fund such negative cash flow. The Corporation’s cash and cash equivalents as at March 31, 2014 was approximately £2,334,463. As the Corporation transitions from a developer into a producer, the Corporation expects to continue to sustain operating losses in the future until it generates sufficient revenue from commercial production. There is no guarantee that the Corporation will ever be profitable. See “Risk Factors”.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Corporation has engaged the Agent as its agent to offer for sale to the public on a "best efforts" basis without underwriter liability, and the Corporation has agreed to issue and sell, up to 50,000,000 Offered Shares offered hereby at a price of $0.11 per Offered Share for aggregate gross proceeds of up to $5,500,000. There will be no closing unless the aggregate gross proceeds from the Offering is greater than or equal to $5,000,000. In consideration for the services rendered by the Agent in connection with the Offering, the Agent will be paid the Agent's Fee of $385,000 (or if only the Minimum Offering is reached, $350,000), representing 7.0% of the aggregate gross proceeds of the Offering, including in respect of any Offered Shares sold pursuant to the exercise of the Over-Allotment Option. The Offering Price was determined by arm's length negotiation between the Corporation and the Agent, in the context of the market.

The Corporation has granted the Agent the Over-Allotment Option exercisable, in whole or in part, at any time, in the sole discretion of the Agent, for a period of 30 days from the Closing Date, to purchase up to an additional 15% of the Offered Shares sold pursuant to the Offering, being 7,500,000 Additional Offered Shares (or if only the Minimum Offering is reached, 6,818,181 Additional Offered Shares), at the Offering Price, to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Offered Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Additional Offered Shares forming part of the Agent's over-allocation position acquires such Additional Offered Shares under this short form prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public, the Agent's Fee and the net proceeds to the Corporation (before payment of the expenses of the Offering) will be approximately $6,325,000, $442,750 and $5,882,250, respectively (or if only the Minimum Offering is reached, $5,750,000, $402,500 and $5,347,500, respectively).

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about July 31, 2014, or on such other date as may be agreed upon by the Corporation and the Agent. It is expected that the Corporation will arrange for an instant deposit of the Offered Shares to or for the account of the Agent with CDS on the Closing Date, against payment of the aggregate purchase price for the Offered Shares. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer through which the Offered Shares are purchased.

The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of "disaster out", "material change out", "market out", "breach out" and may also be terminated upon the occurrence of certain stated events. The Agent is not obligated, directly or indirectly, to advance its own funds to purchase any of the Offered Shares and while the Agent has agreed to use its best efforts to sell the Offered Shares offered under this short form prospectus, the Agent will not be obligated to purchase any of the Offered Shares which are not sold.

The Agency Agreement also provides that the Corporation will indemnify the Agent, any of its affiliates and the directors, officers, employees, agents and shareholders of the Agent against certain liabilities and expenses.

The Corporation has agreed in favour of the Agent that, subject to the prior written consent of the Agent, such consent not to be unreasonably withheld, the Corporation will be subject to a customary lock-up with respect to the issuance of Ordinary Shares or securities convertible, exercisable or exchangeable for Ordinary Shares, except (i) pursuant to the Offering or the Concurrent Private Placement, (ii) pursuant to the issuance of options or other convertible securities pursuant to the Corporation's employee share option plan or other securities based compensation arrangements outstanding as of July 11, 2014, (iii) the issuance of Ordinary Shares or securities convertible, exercisable or exchangeable into Ordinary Shares to a strategic arm's length investor, (iv) in respect of any obligations of the Corporation under currently outstanding securities or instruments, including, pursuant to the exercise of share options or warrants outstanding as at July 11, 2014 or (v) in connection with the *bona fide* acquisition by the Corporation of the shares or assets of other corporations or entities, with such lock-up obligation running from July 11, 2014 until 60 days following the Closing Date.

In addition, the Corporation will use its reasonable commercial efforts to cause each of its directors and officers to enter into customary lock-up agreements in favour of the Agent evidencing their agreement not to, for a period of 90 days following the Closing Date, directly or indirectly sell, or otherwise transfer the economic consequences of, any securities of the Corporation without the prior consent of the Agent, such consent not to be unreasonably withheld or delayed. The foregoing restrictions shall not apply, however, to (a) transfers to affiliated entities of such directors and officers, any family members of such directors and officers, or any company, trust or other entity owned by or maintained for the sole benefit of such directors and officers, (b) transfers occurring by operation of law, (c) pledges of any securities of the Corporation held by such directors and officers as security for *bona fide* indebtedness of such persons, provided, in each of cases (a), (b) and (c) above, that any such transferee or pledgee agrees in writing to be bound by the restrictions contained in the lock-up agreement, or (d) transfers made pursuant to a *bona fide* take-over bid or similar transaction made to all holders of Ordinary Shares.

The Agent and certain of its affiliates may perform investment banking, commercial banking and advisory services for the Corporation from time to time for which they may receive customary fees and expenses. The Agent and its affiliates may, from time to time, engage in transactions with and perform services for the Corporation in the ordinary course of their business.

This short form prospectus does not constitute an offer to buy, sell, issue or subscribe for, or the solicitation of an offer to buy, sell, issue or subscribe for any securities, nor shall there be any sale of securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful.

The Offered Shares to be issued pursuant to the Offering have not been registered under the U.S. Securities Act, or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption therefrom is available. The Agent has agreed that, except as permitted by the Agency Agreement, it will not offer or sell the Offered Shares as part of its distribution at any time within the United States or to, or for the account or benefit of, U.S. Persons except in transactions exempt from registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. Terms used in this and the next paragraph have the meanings given to them in Regulation S under the U.S. Securities Act.

This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Offered Shares in the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States or to, or for the account or benefit of, a U.S. Person by any dealer, whether or not participating in the Offering, may violate the registration requirements of the U.S. Securities Act if such other offer or sale is made otherwise than in accordance with an available exemption from the registration requirements under the U.S. Securities Act.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Agent may not, at any time during the period ending on the date the selling process for the Offered Shares ends and all stabilization arrangements relating to the Offered Shares are terminated, bid for or purchase Ordinary Shares of the Corporation. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Ordinary Shares if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Agent or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Subject to applicable laws, the Agent may, in connection with the Offering, over-allot or effect transactions intended to stabilize or maintain the market price of the Offered Shares at levels other than those which might otherwise prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions. Such transactions may only be commenced within the period between the date of announcement of the Offering Price and the date which falls no later than 30 days following the Closing Date. There is no obligation on the part of the Agent to enter into such transactions and such transactions, if commenced, may be discontinued at any time.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Ordinary Shares while this Offering is in progress. These transactions may also include making short sales of the Ordinary Shares, which involve the sale by the Agent of a greater number of Ordinary Shares than it is required to purchase in this Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Agent may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Ordinary Shares in the open market. In making this determination, the Agent will consider, among other things, the price of Ordinary Shares available for purchase in the open market compared to the price at which it may purchase Ordinary Shares through the Over-Allotment Option. The Agent must close out any naked short position by purchasing Ordinary Shares in the open market. A naked short position is more likely to be created if the Agent is concerned that there may be downward pressure on the price of the Ordinary Shares in the open market that could adversely affect investors who purchase in this Offering.

As a result of these activities, the price of the Offered Shares offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Agent at any time. The Agent may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

The minimum funds to be raised in respect of the Offering is $5,000,000. The Corporation must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Québec, to hold in trust all funds received from the subscriptions until the minimum amount of funds of $5,000,000 has been raised. If this minimum amount of funds is not raised within the distribution period, the trustee must return the funds to the subscribers without any deduction.

In Canada, the Offered Shares are expected to be offered in the province of Ontario.

The TSX has conditionally approved the listing of the Offered Shares distributed under this short form prospectus. Listing of the Offered Shares will be subject to the Corporation fulfilling all of the requirements of the TSX on or before October 22, 2014. In addition, an application will be made to the London Stock Exchange plc for admission to trading of the Offered Shares on AIM.

United Kingdom Restrictions

This document contains no offer of transferable securities to the public in the U.K. within the meaning of sections 85(1) and 102B of the FSMA. This document is not a prospectus for the purposes of Section 85(1) of FSMA. Accordingly, this document has not been examined or approved as a prospectus by the FCA under Section 87A of FSMA or by the London Stock Exchange and has not been filed with the FCA pursuant to the U.K. Prospectus Rules nor has it been approved by a person authorized under FSMA, for the purposes of Section 21of FSMA.

Concurrent Private Placement

The Corporation expects to complete a private placement offering in the U.K. (the "**Concurrent Private Placement**") of 41,287,608 Ordinary Shares (the "**Private Placement Shares**") through finnCap, as placing agent, at a price of 6 pence per share, being the approximate sterling equivalent Offering Price, for aggregate gross proceeds to the Corporation of approximately £2.48 million (or approximately $4.56 million). No commission or other fee will be paid to the Agent in connection with the Concurrent Private Placement. The completion of the Concurrent Private Placement is subject to certain conditions including, but not limited to, customary conditions, the admission of the Private Placement Shares and Offered Shares to trading on AIM and the TSX, and the closing of the Offering. The net proceeds of the Concurrent Private Placement are expected to be used by the Corporation to fund the development of the Araguaia Project and for general working capital and corporate purposes.

No over-allotment or market stabilization activities will occur in respect of the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Private Placement Shares. The Private Placement Shares will be issued on a private placement basis in Canada and accordingly may not be offered for resale or resold within Canada or to a Canadian resident, subject to certain exceptions, for a period of four months and one day following the distribution date. Application will be made for the Private Placement Shares to be admitted to trading on AIM and listed and posted for trading on the TSX. Closing of the Concurrent Private Placement is expected to occur immediately following the Closing Date.

The Concurrent Private Placement is only being, and may only be, made to and is directed only at persons in the U.K. who are either both (a) a "Qualified Investor" within the meaning of Section 86(7) of the FSMA and (b) within the categories of persons referred to in Article 19(5) (Investment professionals) or Article 49(2)(a) to (d) (High net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or persons in the U.K. to whom the Concurrent Private Placement may otherwise be made or to whom the Concurrent Private Placement may otherwise be directed in the U.K. without an approved prospectus having been made available to the public in the U.K. before the Concurrent Private Placement is made, and without making an unlawful financial promotion, all such persons together being referred to as "Relevant Persons". The securities offered in the Concurrent Private Placement are only available to, and any invitation, offering or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

As of July 23, 2014, there were 401,139,497 Ordinary Shares issued and outstanding. Each Ordinary Share has one vote attached to it. Shareholders do not have any pre-emption rights in respect of transfers of issued Ordinary Shares under the Corporation's constitutional documents. Shareholders have the benefit of statutory pre-emption rights under the 2006 Act in respect of the issue of new Ordinary Shares. The Corporation may not allot Ordinary Shares or grant rights to subscribe for, or convert any security into, Ordinary Shares without first offering such shares or rights to subscribe to existing shareholders in proportion to their holdings, unless shareholders resolve to disapply those rights. The rights may be disapplied by a special resolution of the Corporation (being passed by shareholders holding not less than three-quarters of the Ordinary Shares or their proxies represented at a general meeting). Pre-emption rights do not apply if shares or rights to subscribe for shares are allotted for non-cash consideration or in respect of certain issuances of shares and options under employee share schemes. The Ordinary Shares may, subject to a resolution of the Corporation's shareholders, be converted into stock or paid up shares of any denomination. The Ordinary Shares may, subject to a resolution of the Corporation's shareholders, be consolidated, divided, cancelled or sub-divided. The Ordinary Shares rank equally for capital and on any winding up.

PRIOR SALES

The following table summarizes details of the Ordinary Shares and securities convertible into Ordinary Shares issued by the Corporation during the 12 month period prior to the date of this short form prospectus.

Date	Security	Price per Security (£)(1)	Number of Securities
May 9, 2014	Share option to acquire an Ordinary Share	0.0725	14,450,000

(1) Exercise price of the share options.

TRADING PRICE AND VOLUME

Ordinary Shares

The Ordinary Shares are listed and posted for trading in Canada on the TSX under the symbol "HZM". The following table sets forth information relating to the trading of the Ordinary Shares for the months indicated.

Month	High ($)	Low ($)	Total Volume
July 2014[(1)]	0.15	0.10	29,000
June 2014	0.12	0.12	1,000
May 2014	0.115	0.115	1,000
April 2014	0.115	0.11	63,800
March 2014	0.17	0.12	38,000
February 2014	0.12	0.11	102,000
January 2014	0.11	0.11	6,500
December 2013	0.115	0.11	34,500
November 2013	-	-	-
October 2013	0.12	0.115	1,000
September 2013	0.12	0.12	500
August 2013	-	-	-
July 2013	0.115	0.115	20,000

(1) Period from July 1, 2014 to July 23, 2014.

At the close of business on July 23, 2014, the last trading day prior to the date of this short form prospectus, the price of the Ordinary Shares as quoted by the TSX was $0.12.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Cassels Brock & Blackwell LLP, counsel to the Corporation, and Baker & McKenzie LLP, counsel to the Agent, the following is, as of the date of this short form prospectus, a general summary of the principal Canadian federal income tax considerations generally applicable to an investor (a "**Holder**") who acquires Offered Shares pursuant to the Offering and who, for purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, is or is deemed to be resident in Canada and will hold the Offered Shares issued under this short form prospectus as capital property and deals at arm's length with, and is not affiliated with, the Corporation or a subsequent purchaser of the Offered Shares. Generally, Offered Shares will be considered to be capital property to a Holder provided that the Holder does not hold such Offered Shares in the course of carrying on a business of buying and selling securities and has not acquired such Offered Shares as an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" for purposes of the mark-to-market rules; (ii) an interest in which is a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution"; (iv) in relation to which the Corporation is a "foreign affiliate"; (v) that reports its Canadian tax results in a currency other than Canadian currency; or (vi) that has entered, or will enter, into a "derivative forward agreement" with respect to the Offered Shares, as each term is defined in the Tax Act. This summary does not address the deductibility of interest by a Holder who borrows money to acquire Offered Shares. **Such Holders should consult their own tax advisors.**

This summary is of general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. This summary is not exhaustive of all Canadian federal income tax considerations. There may also be tax considerations for investors under the laws of any other jurisdiction in which the investor resides or to which the investor is subject that are not addressed by this summary. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

This summary is based on the current provisions of the Tax Act and the regulations thereunder. This summary takes into account all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposals**") and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") publicly available prior to the date hereof. No assurance can be given that the Proposals will be enacted in their current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary also assumes that the Corporation will not be considered to be resident in Canada or deemed to be a resident of Canada for purposes of the Tax Act.

Currency Conversion

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Ordinary Shares (including dividends, adjusted cost base and proceeds of disposition) must generally be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the date such amount arose or such other rate of exchange as is acceptable to the CRA.

Dividends on Offered Shares

Any dividends received on the Offered Shares by a Holder who is an individual will be included in the individual's income and will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. Dividends received on the Offered Shares by a Holder that is a corporation will be included in computing the corporation's income and generally will not be deductible in computing the corporation's taxable income.

A Holder may be eligible to claim a foreign tax credit or deduction under the Tax Act for any foreign withholding tax levied on any dividends received on the Offered Shares to the extent and under the circumstances described in the Tax Act. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own particular circumstances.

Disposition of Offered Shares

A Holder who disposes of or is deemed to dispose of the Offered Shares will generally realize a capital gain (or a capital loss) to the extent that the Holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Offered Shares to the Holder immediately before the disposition. One-half of any capital gain (the "**taxable capital gain**") realized by a Holder will be included in the Holder's income for the year of disposition. One-half of any capital loss realized (the "**allowable capital loss**") generally must be deducted by the Holder against taxable capital gains realized by the Holder for the year of disposition. Any excess of allowable capital losses over taxable capital gains for the year of disposition generally may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances described in the Tax Act.

A Holder may be eligible to claim a foreign tax credit under the Tax Act for any foreign tax levied on any capital gains realized on a disposition of Offered Shares to the extent and under the circumstances described in the Tax Act. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit having regard to their own particular circumstances.

Capital gains realized by a Holder that is an individual or trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

Additional Refundable Tax

Corporations that are "Canadian-controlled private corporations", as defined in the Tax Act, may be subject to an additional refundable $6^{2/3}$% tax in respect of certain investment income, including taxable capital gains and certain dividends.

Foreign Property Information Reporting

A Holder that is a "specified Canadian entity" for a taxation year or a fiscal period and whose total "cost amount" of "specified foreign property" (as such terms are defined in the Tax Act), including Ordinary Shares, at any time in the year or fiscal period exceeds $100,000 generally will be required to file a detailed information return with the CRA for the year or period disclosing certain prescribed information in respect of such property. Subject to certain exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a "specified Canadian entity," as will certain partnerships. The Ordinary Shares will be "specified foreign property" to a Holder. Penalties may apply where a Holder fails to file the required information return in respect of such Holder's "specified foreign property" on a timely basis in accordance with the Tax Act.

The reporting rules in the Tax Act relating to "specified foreign property" are complex and this summary does not purport to address all circumstances in which reporting may be required by a Holder. Holders should consult their own tax advisors regarding the reporting rules contained in the Tax Act.

Offshore Investment Fund Property

The Tax Act contains rules which require a taxpayer to include in income in each taxation year an amount in respect of the holding of an "offshore investment fund property". These rules could apply to a Holder in respect of the Offered Shares held by the Holder if:

a) the Offered Shares may reasonably be considered to derive their value, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively, "**Investment Assets**"); and

b) it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Holder acquiring, holding or having an interest in the Offered Shares was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by such Holder.

In making the determination under paragraph (b) above, regard must be had to all of the circumstances, including (i) the nature, organization and operation of any non-resident entity, including the Corporation, and the form of, and the terms and conditions governing, the Holder's interest in, or connection with, any such non-resident entity, (ii) the extent to which any income, profits and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of any non-resident entity, including the Corporation, are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Holder, and (iii) the extent to which any income, profits and gains of any non-resident entity, including the Corporation, for any fiscal period are distributed in that or the immediately following fiscal period.

If applicable, these rules would generally require a Holder to include in income for each taxation year in which such Holder holds the Offered Shares an imputed amount determined by applying a prescribed rate of interest to the "designated cost" to the Holder of the Offered Shares at the end of each month in the year, less the amount of certain income of the Holder from the Offered Shares in the year. Any amount required to be included in computing a Holder’s income in respect of the Offered Shares under these rules would be added to the adjusted cost base to the Holder of such particular security.

These rules are complex and their application depends, to a large extent, on the reasons for a Holder acquiring or holding the Offered Shares. Holders are urged to consult their own tax advisors regarding the application and consequences of these rules.

UNITED KINGDOM TAX CONSIDERATIONS

Stamp Duty Reserve Tax

The following statements are intended as a general guide to the current tax law and practice in the U.K. concerning the application of U.K. stamp duty or U.K. stamp duty reserve tax (“**SDRT**”) in the circumstances set out. Persons who are in any doubt about their tax position should consult their own professional advisers.

There is generally no U.K. stamp duty or SDRT on the issue of shares by companies incorporated in the U.K. Accordingly, no U.K. stamp duty or SDRT should be payable by investors who are issued Ordinary Shares directly by the Corporation. Subsequent transfers of Ordinary Shares will give rise to stamp duty at the rate of 0.5% of the consideration paid. Where there is an agreement to sell Ordinary Shares but there is no instrument of transfer, SDRT would be payable at the rate of 0.5% of the consideration payable under the agreement.

Payments of stamp duty are rounded up to the nearest £5 and payments of SDRT are rounded up to the nearest penny. The payment of SDRT in respect of a transfer will satisfy any stamp duty due and vice versa.

The issue of Ordinary Shares to CDS will not give rise to a charge to U.K. stamp duty or SDRT, neither will the transfers of Ordinary Shares within CDS.

RISK FACTORS

An investment in securities of the Corporation is highly speculative and involves significant risks. Any prospective investor should carefully consider the risk factors and all of the other information contained below and elsewhere in this short form prospectus (including, without limitation, the documents incorporated by reference, and specifically under the section entitled “Risk Factors” in the Annual Information Form and “Risks and Uncertainties” in the Interim MD&A and in the Annual MD&A) before purchasing any of the securities distributed under this short form prospectus. The risks described herein and in the documents incorporated by reference in this short form prospectus are not the only risks facing the Corporation. Additional risks and uncertainties not currently known to the Corporation, or that the Corporation currently deems immaterial, may also materially and adversely affect its business.

Discretion in the Use of Proceeds

Management will have discretion concerning the use of proceeds of the Offering as well as the timing of their expenditures. As a result, investors will be relying on the judgment of management as to the application of the proceeds of the Offering. Management may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation’s results of operations may suffer.

Future Sales or Issuances of Securities

The Corporation may sell additional Ordinary Shares or other securities in subsequent offerings. The Corporation may also issue additional securities to finance future activities. The Corporation cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Ordinary Shares. Sales or issuances of substantial numbers of Ordinary Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Ordinary Shares. With any additional sale or issuance of Ordinary Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

Loss of Entire Investment

An investment in the Offered Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Corporation.

Market Price of Securities

There can be no assurance that an active market for the Ordinary Shares will be sustained after the Offering. Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Ordinary Shares will be subject to market trends generally and the value of the Ordinary Shares on the TSX may be affected by such volatility in response to numerous factors. Factors unrelated to the financial performance or prospects of the Corporation include macroeconomic developments in North America, Europe, South America and globally, and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in commodity prices will not occur. As a result of any of these factors, the market price of the securities of the Corporation at any given point in time may not accurately reflect the long term value of the Corporation.

Negative Operating Cash Flow and Going Concern

The Corporation had negative cash flow of approximately £254,115 for the three months ended March 31, 2014. To the extent that the Corporation has negative cash flow in future periods, the Corporation may need to deploy a portion of its cash reserves to fund such negative cash flow. The Corporation's cash and cash equivalents as at March 31, 2014 was approximately £2,334,463. As the Corporation transitions from a developer into a producer, the Corporation expects to continue to sustain operating losses in the future until it generates sufficient revenue from commercial production. There is no guarantee that the Corporation will ever be profitable. These circumstances raise doubt about the Corporation's ability to continue as a going concern, as described in the Note 2.4 to the Annual Financial Statements which are incorporated by reference herein. Although Annual Financial Statements refer to circumstances which might raise doubt about the Corporation's ability to continue as a going concern, they do not reflect any adjustments that might result if the Corporation is unable to continue its business.

Proposed Changes to Brazilian Mining Code

On June 18, 2013, the Brazilian Government proposed a bill in Congress to reform the current mineral legal system. The bill has since been in discussions in Congress but has not yet been submitted to voting. In order to be effective, the bill must receive approval in Congress, in the Senate and ultimately the President's veto. As it currently stands, the bill is expected to increase the overall royalty amounts in respect of existing mineral rights and operations, none of which are expected to materially impact the Corporation's rights and operations. The proposed revisions to the bill are unknown but are not currently expected to impact the Corporation's existing mineral rights. There can be no assurance that such potential changes to the current mineral legislation will not result in a material adverse effect to the Corporation's rights or operations in Brazil, including potential changes to royalty structures in place at the Corporation's mineral projects.

Enforcement of Legal Rights

The Corporation is organized under the laws of England and Wales, the Corporation's material subsidiaries are organized under the laws of Brazil and certain of the Corporation's directors, management and personnel are located in foreign jurisdictions. Given that the Corporation's material assets and certain of its directors, management and personnel are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Corporation or its directors and officers, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or other laws of Canada. Similarly, in the event a dispute arises from the Corporation's foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Foreign Operations

The Corporation's key asset, the Araguaia Project, and operations are located in Brazil. Brazil's legal and regulatory requirements in connection with companies conducting mineral exploration and mining activities, banking system and controls as well as local business culture and practices are different from those in Canada. The officers and directors of the Corporation must rely, to a great extent, on the Corporation's Brazilian legal counsel and local consultants retained by the Corporation in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Corporation's business operations, and to assist the Corporation with its governmental relations. The Corporation must rely, to some extent, on those members of management and the Board who have previous experience working and conducting business in Brazil in order to enhance its understanding of and appreciation for the local business culture and practices in Brazil. The Corporation also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Brazil. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Brazil are beyond the control of the Corporation and may adversely affect its business.

Negative Canadian Tax Implications

It is assumed that the Corporation will, at all times, not be resident in Canada for purposes of the Tax Act. The Corporation has directors who are resident in Canada. A corporation that has its "mind and management" in Canada will be considered to be resident in Canada for Canadian federal income tax purposes, subject to relief under an applicable income tax treaty or convention. The Corporation is careful to ensure that its "mind and management" does not reside in Canada. If the Corporation were found to be resident in Canada, then the Corporation would be subject to tax in Canada on its worldwide income. In addition, any dividends paid by the Corporation on the Ordinary Shares to a person that is not resident in Canada would be subject to Canadian non-resident withholding tax at the rate of 25% of the gross amount of the dividend, subject to a reduction in the rate under the terms of an applicable income tax treaty or convention. A determination that the Corporation is resident in Canada could be materially adverse to the financial position and cash flow of the Corporation.

INTEREST OF EXPERTS

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this short form prospectus as having prepared or certified a report, valuation, statement or opinion in this short form prospectus.

Unless otherwise indicated, the scientific and technical information relating to the Araguaia Project set forth in this short form prospectus has been derived from or is based on the Technical Report, which is incorporated by reference herein. Anthony Finch, P.Eng., MAusIMM (CP Mining), B.Eng., B.Econ., Harald Muller, B. Eng., (Chem), MBL, FAusIMM, FIChemE, FSAIChE, C.Eng., Pr.Eng. and Andrew Ross, B.Sc. (Hons), M.Sc., MAIG, FAusIMM, P.Geo., each of Snowden and Peter Theron, Pr.Eng., SAIMM, B.Eng. (Civil Eng), G.D.E., of Prime, are the authors of the Technical Report and are each "qualified persons" for the purposes of NI 43-101. A copy of the Technical Report is available electronically on SEDAR at www.sedar.com.

The scientific and technical information indicated in the table summarizing the two production scenarios contemplated by the PFS, under the heading "The Corporation – Overview", has been reviewed and approved by David Hall, BSc, MSc, Fellow SEG PGeo, Chairman of Horizonte, a "qualified person" for the purposes of NI 43-101. Mr. Hall has also reviewed the allocations set forth under the heading "Use of Proceeds" with respect to the Araguaia Project and confirmed that such allocations are reasonable.

The aforementioned firms or persons held either less than 1% or no securities of the Corporation or any associate or affiliate of the Corporation at or following the time when they prepared the Technical Report, and did not receive any direct or indirect interest in any securities of the Corporation or any associate or affiliate of the Corporation in connection with the preparation of the Technical Report.

None of the aforementioned persons, nor any directors, officers or employees of the aforementioned firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Corporation.

PKF Littlejohn LLP, Chartered Accountants, are the auditors of the Corporation and are independent of the Corporation within the meaning of the Ethical Standards for Auditors of the Auditing Practices Board.

Each of Cassels Brock & Blackwell LLP, counsel for the Corporation, and Baker & McKenzie LLP, counsel for the Agent, has provided its opinion on certain matters contained in this short form prospectus. As of the date hereof, the “designated professionals” (as such term is defined in Form 51-102F2) of Cassels Brock & Blackwell LLP and Baker & McKenzie LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% or no securities of the Corporation.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: July 24, 2014

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the province of Ontario.

(Signed) JEREMY MARTIN Chief Executive Officer	(Signed) JEFFREY KAROLY Chief Financial Officer

On behalf of the Board of Directors

(Signed) DAVID HALL Director	(Signed) ALLAN WALKER Director

CERTIFICATE OF THE AGENT

Dated: July 24, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the province of Ontario.

PARADIGM CAPITAL INC.

By: (Signed) STEPHEN DELANEY
Investment Banker